UNITED STATES DEPARTMENT OF AGRICULTURE AGRICULTURAL ADJUSTMENT ADMINISTRATION

WESTERN DIVISION

WASHINGTON, D. C.

COUNTY OFFICE INSTRUCTIONS

relating to

U. S. TREASURY CHECKS, ADJUSTMENTS, CLAIMS, AND REFUNDS

CONTENTS

	Page
PART I.—U. S. TREASURY CHECKS	1
A. Undelivered checks	1
B. Disposition of checks returned to co	ounty office2
C. Disposition of checks returned to the	e regional disbursing office 2
D. Undelivered or returned check to b	
T7 T 1 1 1	3
F. Forged checks	
PART II.—ADJUSTMENT CASES	A
	4
A. Check is for an amount less than t	
B. Check is for an amount in excess of	the correct amount due 4
C. Name of payee incorrect	5
PART III.—CLAIMS UNDER PROGRAMS OTHE	R THAN THE PRICE ADJUST-
MENT PROGRAMS	5
A. Use of Standard Form 1055	5
B. Preparation of Standard Form 1055	when the pavee of the U.S.
Treasury check is deceased	6
C. Preparation of Standard Form 1055	when the pavee of the ILS
Treasury check is incompetent.	
D. Preparation of Form ACP-73	
PART IV.—CLAIMS UNDER THE PRICE ADJUST	
A. Use of Form ACP-103	
PART V.—REFUNDS.	

PART I. U. S. TREASURY CHECKS

A. Undelivered Checks

Checks issued to applicants under any program administered by the Agricultural Adjustment Administration must be returned to the regional disbursing office which issued the checks under any of the following circumstances:

- 1. Where the check cannot be delivered within 21 days from the date shown on the check.
- 2. Where the payee refuses to accept his check.
- 3. Where the amount of the check is in excess of the amount due.
- 4. Where the payee is deceased or incompetent.
- 5. Where the name of the payee is incorrect.

188897-39

NESS WEST

6. Where doubt arises as to the right of the payee to receive the check.

7. Where the amount of the check differs from that shown on

the continuation sheet.

8. Where the payee is indebted to the Agricultural Adjustment Administration.

9. Where the State office requests that the check be returned.

Each check that is returned to the regional disbursing office, except a check returned at the expiration of the 21-day period in accordance with instructions issued by the Treasury Department, must be accompanied by a letter setting forth the check number, name of payee, amount of check, application serial number with respect to which the check was drawn, the administrative number of the continuation sheet on which the check was listed, and the reason why the check is being returned. A duplicate of such letter must be furnished the State office.

B. Disposition of Checks Returned to County Office

In some instances U. S. Treasury checks which have been properly delivered are later returned to the county treasurer. A check may be returned for various reasons, but the following are the most common:

1. A check is payable jointly to two or more persons at least one of whom cannot be located or will not endorse it.

2. The payee dies, becomes incompetent, or disappears after receiving his check but before cashing it.

3. The payee is dissatisfied with the amount of the check.

4. Check returned by the payee at the request of the county office.

Each such check will (unless the 21-day period has not expired) have been included in the county treasurer's report to the regional disbursing office as a delivered check. However, upon receipt of a returned check which is more than 21 days old, the county treasurer will forward it to the regional disbursing office together with the letter of explanation described in A above. If the 21-day period has not expired, the check will be returned as an undelivered check to the regional disbursing office in accordance with established procedure. In no event shall a returned Treasury check be forwarded to the State office.

C. Disposition of Checks Returned to the Regional Disbursing Office

Each U. S. Treasury check, returned to the regional disbursing office for any reason, other than that it does not agree with the continuation sheet, is held in that office until a date 90 days from the first of the month next succeeding the month in which the check was issued, unless appropriate disposition of the check is made prior to the expiration of the 90-day period. At the end of such period the disbursing office will transmit the check to the General Accounting Office in Washington, D. C., where it will be held until the close of the fiscal year next following the fiscal year in which the check was issued, unless appropriate disposition of the check is made prior

to the expiration of that period. A check in possession of the General Accounting Office at the end of such period is deposited into the Treasury of the United States to the credit of "Outstanding Liabilities."

A Treasury check which is not cashed before the end of the fiscal year following the fiscal year in which it was issued is not negotiable and should be returned through the regional disbursing office to the General Accounting Office. Further determination of the disposition of the proceeds of the check will be made by General Accounting Office.

D. Undelivered or Returned Check To Be Forwarded to Payee

If, after a Treasury check has been forwarded to the regional disbursing office, the payee notifies the county that he wishes to obtain it, the county shall require that the request be presented in writing. The request must contain a complete description of the check and the current address of the payee. If the check is in possession of the regional disbursing office, the request for its return should be addressed to the State office; and if the check is in possession of the General Accounting Office, the request should be addressed to that office. The county office will be able to determine the location of the check from the date thereof and the information in C above. The request must be signed by the payee or by one authorized to act on his behalf (agent, etc.). The county office shall forward the request to the State office immediately.

If the payee is deceased, incompetent, or has disappeared, the person authorized to act on behalf of such person or his estate must not request the return of the check in accordance with this paragraph D but must file claim in accordance with part III or part IV of these

instructions.

E. Lost Checks

In the event a check is lost, stolen, or destroyed, the disbursing office which issued the check shall be notified immediately, and a copy of the notification shall be forwarded to the State office. Such matters come within the exclusive jurisdiction of the Treasury Department. If the check is later found or recovered, the payee should request the disbursing office to remove the stop order placed thereon. The payee should not cash the check for at least **seven days** after the disbursing office has been requested to remove the stop order so that the Treasury Department will have had sufficient time to remove such order.

All correspondence with the disbursing office concerning a check should contain appropriate reference to the D. O. symbol number, check number, amount, the date of the check, and the name of the payee.

F. Forged Checks

If a payee thinks that his check has been forged, he should immediately notify the regional disbursing office. The letter of notification must include the check number, amount, date and name of payee. The case will be handled by the Treasury Department.

PART II. ADJUSTMENT CASES

The term "Adjustment" as used in these instructions denotes that type of case where because of an error in the original application for payment it becomes necessary to prepare another application to correct the error. The error may result from the entry of incorrect basic data in the county office, or from entries made in the State office. The instructions outlined in A, B, and C below cover such cases.

A. Check Is for an Amount Less Than the Correct Amount Due

Where the amount shown on the continuation sheet agrees with the amount shown on the check, and the amount is less than that due, the county committee may deliver the check and inform the applicant that he may accept and cash the check without prejudicing his right to file a request for the additional amount due. The request should be filed in accordance with subparagraph 1 or 2 below, whichever is applicable.

1. Where an error was made in executing the application for payment, the county office will prepare an adjustment application with the correct information entered thereon. The serial number of the adjustment application, which is the same as that on the original, will be followed by "Adj." Both the applicant-payee and a county committeeman must sign the adjustment application.

Two copies of a statement of explanation, showing why the additional amount is due, must be attached to the adjustment application. The statement also must be signed by the applicant and approved by the county committee. The adjustment application and the statement of explanation must be transmitted to the State office.

2. Where an error was made in the State office (the application having been correctly executed), the request must be in the form of a statement, in duplicate, signed by the applicant and approved by the county committee. The statement, in duplicate, must be submitted to the State office. The applicant must sign the request for the amount due; otherwise, it will be assumed that he is satisfied with the lesser amount.

Any adjustment application which provides for an increased payment to the applicant or any request for an additional amount must be filed in the county office within 15 days after the check which was issued under the original application is delivered to the applicant.

B. Check Is for an Amount in Excess of the Correct Amount Due

In all such cases the check must be returned to the disbursing office as provided in part I, A, 3. The instructions in subparagraph 1 or 2 below, whichever is applicable, should be followed in order to effect proper disposition of the case.

1. Where an error was made in executing the application for payment, the county office will prepare an adjustment application with the correct information entered thereon. The serial

number of the adjustment application, which is the same as that on the original, will be followed by "Adj." A county commit-

teeman must sign the adjustment application.

Two copies of a statement of explanation, indicating why a lesser amount is due, must be attached to the adjustment application. Such statement must be approved by the county committee. The signature of the applicant is desirable on both the adjustment application and the statement of explanation, but is not essential. The adjustment application and the statement of explanation must be transmitted to the State office.

2. Where an error occurred in the State office (the application having been correctly executed) a statement, in duplicate, signed by the county committee, directing attention to the over-

payment should be transmitted to the State office.

C. Name of Payee Incorrect

If the name of the payee has been incorrectly given on the check, the instructions in subparagraph 1 or 2 below, whichever is applicable, should be followed to effect proper disposition of the case.

1. Whenever the name of the payee has been incorrectly given on the application for payment, an adjustment application must be fully executed, signed by the applicant, and properly certified by the county committee. There should be attached to such adjustment application a statement of explanation, in duplicate, setting forth the reason for the request and the disposition of the check previously issued. The statement must be signed by the applicant, and approved by the county committee. The adjustment application and the statement of explanation must be transmitted to the State office.

2. If the error occurred in the State office (the application having been correctly executed and the check having been drawn in accordance with the continuation sheet) a statement, in duplicate, directing attention to the error should be transmitted to

the State office by the county committee.

PART III. CLAIMS UNDER ALL PROGRAMS OTHER THAN PRICE ADJUSTMENT PROGRAMS

A. Use of Standard Form 1055

Any claim for the proceeds of a check issued under any program other than a price adjustment program and payable to a person who is deceased or incompetent must be made on standard Form 1055. Such form may be filed by administrators, executors, guardians, committees, custodians, relatives or creditors, except that a claim for the proceeds of a check issued under the Sugar Program may not be filed by a creditor and a claim for such check filed by any other person need not include a showing that the funeral expenses of the decedent have been paid and Form ACP-73, "Waiver of right to claim agricultural conservation payments," will not be used. Furthermore, no showing need be made by a relative who is filing claim for the proceeds of a check issued under the Sugar Program in connection with debts of the deceased.

The county office must not deny anyone who thinks that he is entitled to share in the proceeds of a check issued to a deceased payer the privilege of filing Form 1055 unless an administrator or executor has been or will be appointed to settle the estate. Where the amount of a check issued to a deceased payee exceeds \$500 only an administrator or executor is eligible to file Form 1055; Provided, however, That, if no administrator or executor has been appointed, (1) in the State of California it is not necessary to require that an administrator be appointed for the purpose of filing Form 1055 if the amount of the check plus the other assets left by the decedent (which assets must be listed in paragraph 6 of Form 1055) is not in excess of \$1,000; (2) in the State of Nevada it is not necessary to require that an administrator be appointed for the purpose of filing Form 1055 if the amount of the check plus the other assets left by the decedent (which assets must be listed in paragraph 6 of Form 1055) is not in excess of \$1,000 and if there is a surviving husband, wife, minor child, or children of the deceased payee; or (3) in the State of Utah it is not necessary to require that an administrator be appointed for the purpose of filing Form 1055 if the amount of the check plus the other assets left by the decedent (which assets must be listed in paragraph 6 of Form 1055) is not in excess of \$1,500 and if there is a surviving husband, wife, or child of the deceased payee.

B. Preparation of Standard Form 1055 When the Payee of the U. S. Treasury Check Is Deceased

The person making claim for the proceeds of a U. S. Treasury Check, the payee of which is deceased, must execute Form 1055 in the manner outlined in subparagraph 1 or 2 below, whichever is applicable.

1. When claim for the proceeds of a check is being made by the administrator or executor of the estate of the deceased payee, prepare Form 1055 in quadruplicate as follows:

a. Enter in the spaces provided in the upper left-hand corner of the form the names of the State and county in which the claimant resides.

b. Enter in paragraph 1 the full name and address of the administrator or executor claiming the proceeds of the check payable to the deceased, together with all of the required data, regarding the name and address of the deceased and the date of death. On the last line of this paragraph state whether the payee died testate or intestate. (The deceased died testate if he left a will and he died intestate if he did not leave a will.)

c. Make no entries in paragraphs 2 or 3.

d. In paragraph 4, enter the appropriate pronoun in the space provided in the first two lines. In the column headed "Check or Warrant No." enter the number of the check payable to the deceased. In the column entitled "By whom drawn" enter "G. F. Allen, Chief Disbursing Officer" and enter the D. O. Symbol No. in the column headed "Symbol No." Enter the amount of the check/s in the column headed "Amount" and the total in the space provided. The check

number/s and the amount/s may be obtained from the

county office file copy of the continuation sheet.

e. In paragraph 5 enter all of the required information regarding the appointment of the administrator or executor. If a public administrator is filing Form 1055, he must either (1) enter in paragraph 5 the name and address of a relative or a creditor of the decedent, or (2) enter in paragraph 6 (j) a statement showing that there are assets of the estate in

addition to the amount due from the Government.

f. Paragraph 6.—Make no entries in subparagraphs (a), (b), (c), (d), (e), (f), (g), (h), and (i) of this paragraph. However, any additional facts on which the applicant bases his claim shall be entered in subparagraph (j). If there are no additional facts, enter the word "None" in subparagraph (j). The administrator or executor must sign Form 1055 in the space provided. The signature must agree exactly with the name of such administrator or executor in paragraph 1.

g. The affidavit of corroborating witnesses need not be executed if Form 1055 is filed by an administrator or

executor of the estate of the deceased.

h. The certificate must be executed by a notary public,

who shall affix his official seal.

i. The administrator or executor must submit with the Form 1055 a certified copy of the court order of his appointment or a short certificate of the letters of appointment, or any other document executed in accordance with and which fulfills the requirements of section C, 2, A of ACP-16. If such document shows that a year has elapsed since the appointment of the administrator or executor, the copy of the court order or the short certificate must be accompanied by a statement from the court to the effect that such order is still in full force and effect.

j. The county office will forward to the State office the original and one copy of Form 1055, executed in accordance with the foregoing instructions, and the legal documentary evidence submitted by the administrator or executor as his authority to represent the estate of the deceased payee. One copy of Form 1055 will be kept in the county office files and the remaining copy will be given to the claimant.

2. When claim for the proceeds of a check is being made by a relative or a creditor of the deceased payee, prepare Form 1055 in quadruplicate as follows:

a. Enter in the spaces provided in the upper left-hand corner of the form the names of the State and county in

which the claimant resides.

b. Paragraph 1 shall be executed in accordance with the instructions set forth in paragraph B, 1, b of this part III. If the claimant is a relative of the deceased payee, the age of such claimant must be entered immediately after his name in paragraph 1.

c. Make no entries in paragraphs 2 or 3.

d. Paragraph 4 shall be executed in accordance with the instructions outlined in paragraph B, 1, d of this part III.

e. Make no entries in paragraph 5.

f. Paragraph 6 must be completely executed if Form 1055 is filed by a relative of the deceased or by anyone other than an executor or administrator. Enter on the second and third lines of such paragraph the assets, in addition to the U. S. Treasury check, left by the deceased and show the approximate value of such assets. If there are no such assets enter the word "None."

(1) In subparagraph (a) enter the relationship of the claimant to the deceased payee. If the claimant is an adopted child, a half brother, half sister, or child of a deceased half brother or half sister of a deceased payee, such relationship must be shown. If the claimant is a duly authorized representative of a relative or a creditor, the capacity in which such representative is acting, the name of the person represented, and the relationship of such person to the decedent must be entered.

(2) In subparagraph (b), enter "Yes" or "No," whichever is applicable. The undertaker's itemized bill must be attached to Form 1055. If the funeral expenses have been paid, such bill must have been receipted.

(3) Subparagraph (c).—If the word "Yes" has been entered in subparagraph (b), give the full name of the person who paid the funeral expenses and the total amount. The person named in this subparagraph must be the person who furnished the money with which to pay the funeral expenses, unless the money was taken from the funds of the estate of the deceased payee. If the funeral expenses were paid with money belonging to the deceased, enter the notation "By the estate" in subparagraph (c). If the word "No" has been entered in subparagraph (b), enter in subparagraph (c) the notation "Not paid" and show the total amount of such expense. If the funeral expenses were paid by a burial society, fraternal organization, or insurance company, enter in subparagraph (c) the name of such organization or insurance company.

(4) Subparagraph (d).—Enter "Yes" or "No," whichever is applicable. If the answer to the question in subparagraph (b) is "No," the answer to the question

in subparagraph (d) must also be "No."

(5) Subparagraph (e).—Enter "Yes" or "No," whichever is applicable. If the answer to the question in subparagraph (b) is "No," the answer to the question in subparagraph (e) must also be "No." If the answer to the question in subparagraph (d) is "Yes," the word "No" must be entered in subparagraph (e).

(6) Subparagraph (f).—If there is a surviving widow or husband of the deceased, enter in the space

provided the name and address of such survivor. In the column headed "Relationship to intestate" enter "widow" or "husband," whichever is applicable. In Arizona, California, Idaho, Nevada, New Mexico, and Washington, the date of marriage shall be entered following the word "widow" or "husband." This date should be entered in the notation "Married ______

If there are surviving children of the deceased, enter the name and address of each. The word "child" shall be entered in the column "Relationship to intestate" on the same line with each child's name and address. In the event that any child of the deceased pavee is also deceased but such deceased child was the parent of surviving grandchildren, enter in the columns headed "Name of survivor" and "Address" the name of such deceased child (and parent), followed by the notation "deceased parent of living grandchildren named below." On the same line enter the word "child" in the column headed "Relationship to intestate." Enter in the spaces below the name of the deceased child (of the deceased payee of the U.S. Treasury check) and parent of surviving grandchildren, the name and address of each surviving grandchild. The word "grandchild" shall be entered in the column headed "Relationship to intestate."

If both a child and grandchild of the deceased payee are deceased but there is a surviving great-grandchild (of the deceased payee), enter (1) the name of the deceased child of the deceased payee, followed by the notation "deceased grandparent of living great-grandchild," (2) the name of the deceased grandchild of the deceased pavee, followed by the notation "deceased parent of living great-grandchild," and (3), the name and address of the surviving great-grandchild. In the right-hand margin of Form 1055 enter the notation "Age _____" and show the exact age of each living child, grandchild, or great-grandchild of the deceased payee. If any child, grandchild, or great-grandchild named in subparagraph (f) is an adopted child, enter the relationship of such person as "child adopted," "grandchild adopted" or 'great-grandchild adopted," whichever is applicable. If none of the above kindred survive, enter the word

"None" in subparagraph (f).

(7) Subparagraph (g).—If both parents of the deceased payee of the U. S. Treasury check are also deceased, enter in subparagraph (g) the notation "Both parents deceased." If, however, the deceased payee is survived by a mother, enter her name and address in the first line of subparagraph (g) and enter the word "mother" in the column headed "Relationship to intestate." In the event that the deceased payee is survied by a father, enter his name and address and the word "father" on the second line of subparagraph (g).

If the father has abandoned the support of his family, a notation to that effect shall be entered opposite his name.

If a deceased payee domiciled in either Kansas or New Mexico was an adopted child and is survived by both a natural parent (or parents) and a parent (or parents) by adoption, enter the names and addresses of all such parents.

(8). Subparagraph (h).—If the deceased payee is survived by one or more brothers or sisters (of the whole or half blood or by adoption) enter the name and address of each in the spaces provided in subparagraph (h). Enter in the column headed "Relationship to intestate" the word "brother," "half brother," "brother by adoption," "sister," "half sister," or "sister

by adoption," whichever is applicable. In the event that one or more of such brothers or sisters are deceased and there are one or more surviving children of such deceased brother or sister, enter the name of the deceased brother or sister who was the parent of the surviving niece or nephew of the deceased payee. Following the name of such deceased brother or sister, enter (1) the notation "deceased parent of the following living niece/s," "deceased parent of the following living nephew/s," or "deceased parent of the following living nephew/s," or "deceased parent of the following living nephew/s," parent of the following living niece/s and nephew/s," whichever is applicable, and (2) the names of all such niece/s and nephew/s. Show in the column headed "Relationship to intestate" the relationship of the deceased parent (of a living niece or nephew) to the deceased payee of the U.S. Treasury check. Enter also the name and address of each surviving child, followed by the word "niece," "niece—adopted," "nephew," or "nephew-adopted," whichever is applicable in the column headed "Relationship to intestate." Enter the exact age of each living person named in subparagraph (h). If none of the kindred survive, enter the word "None" in subparagraph (h).

(9). Subparagraph (i).—Enter a statement showing the extent to which the claimant has benefited by any exemption or allowance (widow's allowance, etc.) from the estate of the deceased. In the event that the claimant has received no such benefit or allowance, enter the

word "None" in subparagraph (i).

(10). Subparagraph (j).—The information required in this subparagraph must be entered. If the claimant is acting in a representative capacity, the notation "This claim is filed on behalf of the person/s named in subparagraph (a)" should be entered in subparagraph (j). In the event that the claimant is acting in a dual capacity (i. e., in his own behalf and also in the behalf of others) a statement to that effect should be entered in subparagraph (j). For example, if Mary Jones,

widow of Paul Jones, is filing a Form 1055 in behalf of herself and her minor child, Helen Jones, a statement such as "This claim is filed in behalf of Mary Jones, widow, and Helen Jones, minor child of Paul Jones, deceased" should be entered in subparagraph (j).

If a creditor, other than an undertaker or person who paid the funeral expenses, is filing Form 1055, he must either (a) enter in subparagraph (j) a statement that, to the best of his knowledge and belief, there are no other creditors of the deceased payee having an equal or greater degree of preference, under the laws of the State in which the decedent was domiciled at the time of his death, than that of himself; or (b) submit with Form 1055 a waiver, Form ACP-73, executed in accordance with the instructions contained herein, from each creditor who does have an equal or greater degree of preference than that of himself.

(11) Signature of claimant.—The claimant/s named in paragraph 1 of Form 1055 must have signed in the space provided. Any signature by mark must be witnessed. Where a widow (or other person) is filing a claim in behalf of both herself and minor children, she should sign Form 1055 twice—once for herself and once

as custodian or guardian of the children.

g. The affidavit of corroborating witnesses must be executed. It is necessary that this affidavit be made and signed by two persons other than the claimant, who were sufficiently acquainted with the deceased payee, the family of the deceased payee, and the claimant to certify that the statements on Form 1055 are true and correct.

h. After Form 1055 has been completed in accordance with the foregoing instructions and the necessary accompanying documents attached, the certificate of notary public must be executed by a notary, who shall also affix his official

seal.

- i. Form 1055 signed by or on behalf of a relative or creditor must always be accompanied by the undertaker's itemized bill. If the funeral expenses have been paid, this bill must be receipted by the undertaker. In addition, Form 1055 shall be accompanied by as many of the following documents as are applicable to the situation involved:
 - (1) Form ACP-73, executed in accordance with the instructions contained herein, or a statement that the proper persons will not execute Form ACP-73.
 - (a) If Form 1055 submitted by a relative of the deceased payee shows that the funeral expenses have not been paid, such relative must either obtain Form ACP-73 from the undertaker and attach such waiver to the Form 1055, or in the event that the undertaker will not sign a waiver, the claimant shall attach a statement to that effect to the Form 1055.

(b) If the funeral expenses of the deceased payee have been paid by someone other than the person who submits Form 1055, the claimant should either obtain and submit with the claim a Form ACP-73, executed by the person who paid the funeral expenses (inasmuch as such person's position is that of a creditor, he will execute Part II of ACP-73), or attach to the Form 1055 a statement to the effect that the person who paid the

funeral expenses will not execute a waiver.

(c) If a creditor who submits Form 1055 has not entered in subparagraph (j) of such form a statement to the effect that there are no other creditors of the decedent having an equal or greater degree of preference, under the laws of the State in which the decedent was domiciled, than that of himself, there must be submitted with the Form 1055 a waiver (ACP-73) from each creditor who does have a right to share in the proceeds of the check, which right takes priority over or is equal to that of the claiming creditor.

(d) If the deceased payee is survived by a widow and/or minor child, and if Form 1055 is submitted by a creditor, such creditor must also submit either a Form ACP-73 executed in his favor by the widow and/or minor child or a statement to the effect that such widow and/or minor

child will not execute a waiver.

(2) Anyone who files a Form 1055 on behalf of a relative or creditor must submit with such claim documentary evidence showing his authority to represent such relative or creditor. Such documentary evidence must fulfill the requirements of section C of ACP-16 and must show the names of the persons represented,

provided, however, that-

If Form 1055, ACP-73 or any other document is signed by an adult who represents himself as custodian of a minor child, such custodian must submit an affidavit showing the relationship between himself and the minor child and the circumstances of the custodianship. If the custodian is acting on behalf of two or more minor children, the names of all such children must be shown in the affidavit.

(3) If Form 1055 is submitted by a minor, the claim must be accompanied by an affidavit, signed by a person who must certify therein that he has knowledge of the facts, stating that such minor is competent to receive

and handle funds.

(4) If the amount of the check is in excess of \$100 and Form 1055 is filed by a relative of the decedent there must be a showing, in addition to that required on the form with respect to funeral expenses, as to

whether there are any outstanding debts against the estate. Therefore, a claim filed by a relative must include either a statement (on Form 1055 or on an attached sheet) that there are no debts or a listing of all such debts.

(5). If the amount of the check exceeds \$100 and Form 1055 is being filed by a creditor of the deceased there must be (in addition to the statements and waivers from the widow and/or minor children) either (a) a statement, signed by a member of the family of the decedent who states therein that he knows the facts to the effect that there are no other creditors of the estate having an equal or greater degree of preference under the laws of the State in which the decedent was domiciled, or (b) a statement, signed by the member of the family referred to above, listing all creditors of the estate, if such member of the family does not know the order of priority of the debts.

j. Form 1055 and all of the required legal documents accompanying it, shall be distributed in the manner prescribed in paragraph B, 1, j of this Part III. If Form ACP-73 is submitted the original and one copy shall be sent to the State Office. One copy will be retained in the county office files and the remaining copy will be given to the claimant.

C. Preparation of Standard Form 1055 When the Payee of the U. S. Treasury Check Is Incompetent

If a payee of a U. S. Treasury check has been declared incompetent, only the legal guardian or committee of such incompetent

payee is eligible to file claim for the proceeds of such check.

1. Form 1055 submitted on behalf of an incompetent payee shall be prepared in quadruplicate in accordance with the instructions outlined in paragraph B, 1 of this Part III, with the following exceptions:

a. The fifth line of paragraph 1 of such form shall be executed to show that the payee was declared incompetent.

b. The term "guardian" or "committee" shall be entered on

the first line of paragraph 5.

c. The guardian or committee must sign Form 1055 in the space provided.

2. The guardian or committee must submit with the Form 1055 either a certified copy of the court order of his appointment or some other document which fulfills the requirements of section C, 2, A of ACP-16. If such document shows that a year has elapsed since the appointment of the guardian or committee, a statement from the court showing that such appointment is still in force and effect must also be submitted with the Form 1055.

3. Form 1055 and the legal documents accompanying it shall be distributed in accordance with the instructions outlined in B, 1, j of

this part III.

D. Preparation of Form ACP-73, "Waiver of Right to Claim Agricultural Conservation Payment/s"

1. Preparation of Form ACP-73 filed by a widow and/or minor child (or in behalf of a minor child) of the deceased payee of a U. S. Treasury check.—Part I of Form ACP-73 will be executed by a widow and/or minor child (or in behalf of a minor child) of a deceased payee only in the event that such persons are willing to waive in favor of an unpaid creditor their right to an amount of the proceeds of the check equal to the amount of the debt in order that the creditor may file a Form 1055 for the purposes of obtaining such amount. The county committee should make certain that the person who executes part I of ACP-73 understands clearly that the creditor named therein will be entitled to share in the proceeds of the check to the extent of the amount of the debt, if such creditor files a properly

executed Form 1055.

If ACP-73 is signed by a minor it must be accompanied by an affidavit, signed by a person who must certify therein that he has knowledge of the facts, stating that such minor is competent to receive and handle funds. If the form is signed in behalf of a minor by a custodian of a minor child, such custodian must submit an affidavit showing the relationship between himself and the minor child and the circumstances of the custodianship. If the custodian is acting in behalf of two or more minor children, the names of all such children must be shown in the affidavit. Such affidavit must be attached to Form ACP-73. In the event that ACP-73 is signed in behalf of a minor by a legally appointed guardian, such guardian must submit with the ACP-73 documentary evidence showing his authority to act in that capacity. Such documentary evidence must fulfill the requirements of section C of ACP-16.

If the amount of the check is greater than the amount due a creditor, the widow and/or minor child, regardless of whether or not such persons executed Form ACP-73 in favor of a creditor, may file Form 1055 for the purpose of obtaining their respective shares of the amount remaining after the amout due the creditor has been deducted.

A widow and/or minor child are not obliged to execute a waiver in favor of a creditor if they do not wish to do so. However, in the event that a creditor files a Form 1055 without such a waiver, he must submit a statement to the effect that the widow and/or minor child will not execute a waiver in his favor (both the Form 1055 and the statement shall be forwarded to the State Office) in which event an amount of the proceeds of the check equal to the amount of the debt will be withheld until either (1) an administrator is appointed, and such administrator files a properly executed Form 1055; (2) the creditor files notice (which notice must be forwarded to the State Office) that the debt has been paid by the widow and/or minor child or with funds belonging to the estate of the deceased, and the widow and/or minor child file a properly executed Form 1055; or (3) a waiver in favor of the creditor is obtained from the widow and/or minor child and forwarded to the State office.

All of the information required in part I must be entered. The signature must be dated and witnessed by two persons. Part II

will not be executed.

2. Preparation of Form ACP-73 filed by a creditor of the deceased payee of a U. S. Treasury check.—Any creditor of the deceased payee who desires to waive his right to the proceeds of the check will execute part II of ACP-73 and will enter therein all of the information required. The signature must be dated and also witnessed by two persons. Part I will not be executed.

3. Distribution of ACP-73.—The original and one copy of

3. Distribution of ACP-73.—The original and one copy of ACP-73, together with any supporting documents, shall be forwarded to the State office with the Form 1055 and other necessary documents. One copy will be retained in the county office files, and

the remaining copy will be kept by the claimant.

PART IV. CLAIMS UNDER PRICE ADJUSTMENT PROGRAMS

A. Use of Form ACP-103

Any claim for the proceeds of a check issued under a price adjustment program and payable to a person who is deceased, incompetent, or has disappeared must be made on Form ACP-103.

The instructions for executing Form ACP-103 are printed on the reverse side of the form; however, in addition to determining that all of the required information has been entered on the form, the county committee shall determine the following:

1. That each person who files a Form ACP-103 is entitled to all or part of the proceeds of the check, that each such person is named under the price adjustment program or parity payment regulations, as one eligible to claim the proceeds of the check

in question.

2. That there is no other person whose eligibility to receive the proceeds of the check takes priority over the eligibility of the person filing the ACP-103. Eligible claimants are entitled to payment in the order listed in the pertinent price adjustment or parity payment regulations. For example, if a mother or father of an incompetent payee is filing ACP-103, the county committee must be sure that the incompetent payee has no living spouse, adult son, adult daughter, or adult grandchild, inasmuch as each such person's right to file claim takes priority over the right of the mother or father.

3. That if the payee has disappeared, the date on which the claimant is filing ACP-103 is at least 3 months later than the date of disappearance entered in paragraph 1; and that the affidavits required in the pertinent price adjustment or parity pay-

ment regulations are presented to the county committee.

4. Where a minor child is entitled to receive an amount in excess of \$500, the person filing Form ACP-103 in behalf of

such child is his legal guardian.

5. If the payee has been declared incompetent, and the amount of the check issued to such incompetent payee is in excess of \$500, the person/s filing ACP-103 is the legally appointed guardian or committee of the incompetent producer.

It is important that determinations with respect to the above-enumerated points be made before Form ACP-103 is signed by a

county committeeman, who is required to certify that the claim is being filed by the proper person/s and in accordance with the regulations

Form ACP-103 has been printed in speedisets consisting of the original and three copies. After the form is completely executed in the county office, the original and first copy shall be forwarded to the State Office. One copy will be kept in the county office and the third copy will be given to the claimant.

PART V. REFUNDS

Whenever the county committee determines, or is advised by the State Committee, that a refund is due from any person because of an overpayment, misdelivery of a check, or for any other reason, a letter should be addressed, over the signature of the chairman of the county committee, to such person notifying him of the amount of the refund due, and the reason for the refund. In addition, the letter should indicate that the refund should be made in the form of a postal money order, certified check, or cashier's check made payable to the "Treasurer of the U. S."

Refunds received by the county committee should be promptly transmitted to the State Office with a memorandum, in duplicate, signed by a member of the county committee, setting forth the reason for the refund, the amount of the refund, the form of the remittance (money order, certified check, cashier's check, etc.), the name of the person making the refund, the person whose account should be credited, the State and county code and the serial number of the

application in connection with which the refund is due.

UNITED STATES DEPARTMENT OF AGRICULTURE AGRICULTURAL ADJUSTMENT AIMINISTRATION WESTERN DIVISION

SET-OFF PROCEDURE

	CONTENTS	Page
I.	GENERAL INSTRUCTIONS	. 1
	A. Program to which applicable B. Definitions C. Joint-owners, joint-operators, or partnerships D. Order of priority E. Entering data on register F. Removal of data from the register G. Indebtedness discovered after application certified. H. Forged Treasury check - payee indebted to AAA I. Minimum amount to be set off J. Signature of Certifying Officer	1 3 3 4 5 7 9 14
II.	APPLICATION FILED BY ONLY ONE APPLICANT. SAME APPLICANT LISTED ON REGISTER AS INDEBTED TO THE UNITED STATES. NO ASSIGNMENT	15
	A. Applicant indebted to AAA - overpaid under 1936	15
	B. Applicant indebted to AAA - overpaid under 1937 ACP or RCP, 1937 SBP, 1938 ACP or RCP, 1938 SBP, etc.	29
	C. Applicant indebted to AAA - overpaid under 1935	31
	D. Applicant indebted to AAA - both overpayment and set-off against same appropriation	33
	E. Applicant indebted to MA - crop insurance advance	36
	F. Applicant indebted to AAA - grant of aid	40
	contract program	42
	under marketing quota provision	45
	prener (present AAA)	46
	J Two or more debts of type mentioned in A to 1	48
	K. Applicant indebted to agency outside USDA . , ,	49
	outside USPA	52

		rage
	M. Applicant indebted to agency outside USDA at time application certified but debt removed prior to transmittal of application to GAO	. 5
III.	APPLICATION FILED BY ONLY ONE APPLICANT. SAME APPLICANT REQUESTS SETOFF. NO ASSIGNMENT	57
	A. Use of AAA-372 B. Disposition of AAA-372 where setoff cannot be made. C. Form AAA-372 executed in favor of USDA agency D. Form AAA-372 executed in favor of agency outside USDA	57 58 58
IV.	APPLICATION FILED BY ONLY ONE APPLICANT. SAME APPLICANT INDEBTED. UNPAID ASSIGNMENT REPORTED ON APPLICATION	59
	A. Single-farm or a range application - setoff takes priority over assignment B. Single-farm or range application - applicant in- debted to USDA agency and to agency outside	. 59
	USDA C. Multiple-farm application	· 67
V.	APPLICATION FILED BY TWO OR MORE PERSONS - ONE OR MORE INDEBTED AND OTHERS NOT INDEBTED. NO ASSIGNMENT EXECUTED BY INDEBTED APPLICANT.	, 76
	A. Applicant/s indebted to a USDA agency B. Applicant/s indebted to an agency outside the USDA. C. Applicant/s indebted to a USDA agency and to an agency outside the USDA. D. Applicant/s indebted to an agency outside the USDA at time application certified but debt removed	77 77
VI.	prior to transmittal of application to GAO APPLICATION FILED BY TWO OR MORE PERSONS - ONE OR MORE	82
v ± •	INDEBTED AND OTHERS NOT INDEBTED. INDEBTED APPLICANT HAS EXECUTED ASSIGNMENT	. 83
	A. Applicant/s indebted to a USDA agency B. Applicant/s indebted to agency outside the USDA. C. Applicant/s indebted to a USDA agency and to an agency outside the USDA. D. Applicant/s indebted to an agency outside the USDA at time application certified but debt removed prior to transmittal of application	, 83 84 , 85
	to GAO	. 86

.

VII.	SET-	-OFF MADE IN ERROR	Page
	A.	Erroneous set-off in favor of AAA	86
		Erroneous set-off in favor of CCC, FCA, or FSA	
	C.	Check method	90
		form 1096 or by GAO	93
	D.	Erroneous set-off in favor of CCC, FCA, or FSA	
		proper person but set-off exceeds payment due	93

SET_OFF PROCEDURE

I. GENERAL INSTRUCTIONS:

A. Programs to which procedure is applicable

The procedure outlined herein is for use in making set-offs against applications for payment with respect to all programs administered through the State Office, inasmuch as payments due under the conservation, cotton price adjustment and sugar programs, and price adjustment payments for wheat, cotton, corn, rice, and tobacco authorized by the Price Adjustment Act of 1938, are all subject to set-offs of amounts due agencies of the Federal Government.

B. Definitions

The following terms, as used in this set-off procedure, have the meanings set forth below:

- 1. The phrase PROGRAMS ADMINISTERED THROUGH THE STATE OFFICE means all programs with respect to which the applications for payment are audited and certified for payment by the State Office. The phrase includes all conservation and range programs, sugar beet programs, cotton price adjustment payment plans, price adjustment payments authorized by the Price Adjustment Act of 1938, etc.
- 2. APPLICATION means any application for payment submitted in connection with any of the programs administered through the State Office (WR-311A, WR-311B, WR-312, WR-319, SB-310, ACP-90, ACP-96, ACP-97, ACP-98, etc.) forwarded to the adjustment clerk because the applicant is apparently indebted.
- 3. REGISTER means Register of Indebtedness (Form C-1110) including all Forms C-1110Supplement A, all amendments issued in letter or any other form by the Comptroller of the AAA, all items entered on Form C-1110 by the State Office, and also all items entered on Form WR-327. or any other record which may hereafter be established.
- 4. PERSON means a person as defined in the various bulletins and handbooks issued in connection with the program with respect to which the application is filed.
- 5. APPLICANT means a person who signed an application for payment.

Such person may be an individual, partnership, association, corporation estate or trust. If two or more individuals sign an application as joint-owners or joint-operators, all of such individuals shall be considered as one applicant.

Where any application, together with the instructions and audit procedure with respect thereto, provide that a payment shall be made to a person named on such application but who did not actually sign the form, such person shall — unless the regulations with respect to the particular program prohibit the making of a set-off against the payment due such person — be considered an applicant for purposes of this procedure.

Where the instructions with respect to any program provide that one application shall be filed per farm or ranch, all persons interested in the farm or ranch should sign the same application. In such circumstances the term APPLICANT means (1) each person entitled to a certain share of the payment, or (2) two or more persons, such as joint-owners or joint-operators, who together are entitled to a certain share of the payment. The term APPLICANT does not include all persons who filed the same application.

The term APPLICANT also includes a widow of or successor in interest to a deceased person whose name appears on the register, such deceased debtor having contributed to performance for which application for payment is made. These facts should be set forth in a statement accompanying the application at the time it is forwarded to the adjustment clerk, and if such statement is not attached to the application, it must be secured before the set-off is made and the application released for payment.

- 6. Any reference to Form AAA-372, shall also be considered as applicable to any similar form containing all of the information required on AAA-372.

 The adjustment clerk must, however, check any substitute form and determine that it does contain all of the information required on AAA-372.
- 7. The following abbreviations have the meanings listed below:

USDA -- United States Department of Agriculture

AAA -- Agricultural Adjustment Administration

CCC -- Commodity Credit Corporation

FCA --- Farm Credit Administration

FSA -- Farm Security Administration

USDA agency -- any administration, corporation, or bureau of the USDA.

GAO --- General Accounting Office in Washington, D. C.

Preaudit Office -- local field preaudit office of GAO serving the State Office.

RDO -- Regional Disbursing Office serving the State Office

ACP -- Agricultural Conservation Program

, RCP - Range Conservation Program

PAP -- Price Adjustment Payment Program, including all commodities (wheat, cotton, corn, rice, and tobacco) for which payments are authorized by the Price Adjustment Act of 1938.

SBP -- Sugar Beet Program

CAP -- Cotton Price Adjustment Payment Program

- 8. ORDER means the Order Respecting Set-offs Entered by the Secretary of Agriculture on May 8, 1937, including all revisions and supplements.
- C. Joint-owners, joint-operators or a partnership indebted. Application submitted by one of such joint-owners or joint-operators or by a member of the partnership.

When joint-owners, joint-operators, or a partnership is named on the register or on AAA-372, and the application for payment is filed by one joint-owner, joint-operator or member of the partnership, a set-off in the full amount of the indebtedness may be made against the payment due such person. Before making the set-off, however, the adjustment clerk must obtain information as to whether or not any of the other joint-owners, joint-operators or members of the partnership intend to file applications for payment. If so, a set-off will be made against the payment due under each application after they have all been submitted to the State Office.

D. Order of priority in making deductions

Where any applicant is indebted to (1) more than one agency of the Federal Government, or (2) one or more agencies of the Government and has executed an assignment, deductions of the amounts due each governmental agency and the assignee shall be made in the following order:

- 1. Agricultural Adjustment Administration. Indebtedness resulting from -
 - a. Grants of aid.
 - b. Crop insurance advances.
 - c. Overpayments under agricultural conservation programs.
 - d. Overpayments under price adjustment programs, including failure to submit Form CAP-3 and failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938.
 - e. Overpayments under sugar beet programs.
 - f. Overpayments under commedity contracts.
 - 2. Commodity Credit Corporation -- all debts except those specified on AAA-372.
 - 3. Farm Security Administration -- all debts except those specified on AAA-372.
 - 4. Farm Credit Administration -- all debts except those specified on AAA-372.
 - 5. Other USDA agencies -- all debts except those specified on AAA-372.
 - 6. Any agency or Department of the Federal Government outside the Department of Agriculture -- all debts except those specified on AAA-372.

7. Assignment on ACP-69 or request for set-off on AAA-372, whichever was filed first in the county office.

For purposes of this paragraph, the date on which ACP-69 is filed shall be the date on which part I, properly executed, is filed in the county office.

All assignments reported on a multiple farm application have equal rights to share in the payment, as an assignment in favor of any agency or department of the Federal Government does not take priority over an assignment executed in favor of anyone outside of the Federal Government.

a. In connection with a multiple-farm 1939 ACP application filed by a person who executed one or more assignments and also a AAA-372, deductions will be made as follows: (1) assignments filed in the county office prior to the filing of the request for set-off, (2) request for set-off, (3) assignments filed in county office subsequent to the filing of the request for set-off.

E. Entering of data on the register

Pursuant to the set-off Order, the various administrations, corporations, and bureaus within the USDA will notify the State Office direct when debts due them are to be entered on the register. In signing the appropriate AAA form to be sent to the State Office, the proper official of the creditor agency certifies that the debt is one which comes within a specified classification of the Order and names the county in which the indebtedness is to be set up on the register. Each AAA form must be completely executed, and should show the producer's account number; however, the account number may not be shown in every case. If the form is not completely executed (except for the account number) it shall be returned to the creditor agency for completion. The indebtedness will not be entered on the register until the applicable AAA form, properly executed, is received in the State Office.

Debts will be entered on the register upon --

- 1. Receipt of any of the following:
 - a. Form AAA-371, which may be filed by any agency within the USDA.
 - b. Form AAA-373, which may be filed by FSA only.
 - c. Form AAA-374, which may be filed by FSA only.
 - d. Form AAA-386 Revised, which may be filed by CCC only.
 - e. Form AAA-389, which may be filed by CCC only.
 - f. Form AAA-396, which may be filed by any agency within the USDA.
 - g. Form C-1110 Supplement A from the Comptroller of the AAA. (The State Office may receive C-1110 Supplement A representing an indebtedness under either classification (a) or (g), owing to any agency outside the USDA; whereas an indebtedness, under either of such classifications, owing to a USDA agency will be reported direct to the State on AAA-371 or AAA-396.)

- h. A notice from any county office stating that a producer is indebted to the AAA and setting forth the reasons therefor.
- 2. Discovery of an overpayment made under any program administered through the State Office.
- 3. Determination, in accordance with the proper regulations, of the amount of a crop insurance advance. Where a producer received a 1940 crop insurance advance, the indebtedness will be entered on the register upon determination of the correct premium based on the notice of seeded acreage.
- 4. Determination, in accordance with the applicable regulations, that a person is indebted because he received a grant of aid.
- 5. Determination, in accordance with prescribed regulations, that a person is indebted because he adopted practices which tend to defeat the purposes of a particular program.

All of the information necessary for making a set-off will be entered on the register from the appropriate notice listed above, in order that complete information necessary for making a set-off will be obtainable from one source, namely the register. All entries on the register shall be made by the adjustment clerk.

F. Removal of data from the Register

When names are to be removed from the register or when the amount of a debt is to be reduced, the changes must be made by the adjustment clerk.

1. Items entered on the register by the Comptroller, AAA (except those representing debts due the CCC, FCA, or FSA prior to the time such agencies began notifying the State Office direct - see paragraph 3 below).

If a commodity contract indebtedness is completely or partially liquidated by set-offs, the adjustment clerk shall, before forwarding the application and accompanying forms to the scheduling and voucher unit, enter on the debtor's register card a notation showing the amount set off, the serial number of the application against which the set-off was made, a description of the program to which the application relates, the date, and his initials. Permanent changes in the register, including the entry in the "amount due" column, will be made upon receipt of Standard Form 1096 from the RDO showing the certificate of deposit number. Later a Form C-1110 Supplement A will also be received. This notice from the Comptreller should be checked against the register in order to determine that it agrees with the amount set off.

If a set-off is made in favor of an agency outside the USDA, the State Office will receive Form C-1110 Supplement A, authorizing the

reduction of the debt, before a copy of the Certificate of Settlement (AAA-367) is received, because the Comptroller will prepare the C-1110 Supplement A at the time he forwards the application, ACP-25 and AD-42 to the Office of Budget and Finance. Accordingly, the register will be corrected before the State Office is notified that GAO has actually made the set-off, and any other payment due the applicant may be released without regard to that particular indebtedness.

2. Items entered on the register as the result of State Office determinations.

If a set-off is made because the debtor-applicant received an overpayment under one or more of the programs administered through the
State Office, a grant of aid, a crop insurance advance, or because
such debtor-applicant defeated the purposes of a particular program,
the adjustment clerk will enter the notation described in paragraph
1 above beside the debtor's name on the register at the time he
prepares the documents necessary for making the set-off. However, the
register will not be permanently changed until a copy of Form 1096,
containing information relative to the amount deposited with the
Treasurer of the United States is returned from the RDO. Where Form
1096 is not used, the register shall be corrected upon receipt of a
copy of the schedule of disbursements from RDO.

- 3. Items representing debts owing to the CCC, FCA, or FSA
 - a. Set-off being made.

At the time the amount due the creditor agency is determined and entered on the application, the adjustment clerk shall enter on the register a notation such as that described in subparagraph 1 of this paragraph F. Permanent changes in the data regarding the indebtedness will be made when the copy of the public voucher continuation sheet on which the set—off was scheduled and a copy of the schedule of disbursements are received from the RDO.

b. Notice of change received from creditor agency.

Immediately upon receipt of a notice from the CCC, FCA, or FSA that a person is no longer indebted or that the amount of indebtedness is to be reduced, the adjustment clerk shall make the proper changes on such person's register card.

4. Removal of register card upon complete liquidation of applicant's indebtedness.

When the total indebtedness recorded for any applicant has been liquidated (by set-off, refund, or notice of revision from creditor agency or the Comptroller of the AAA, or by any combination of

such indications of reimbursement) the register card for such applicant shall be withdrawn from the active file and filed in an inactive register file. This will eliminate the necessity for checking applications for payment against any obsolete items of indebtedness.

5. Recording of set-off made at the applicant's request.

Inasmuch as Forms AAA-372 are submitted to the State Office along with the applications to which they pertain, no WR-327 will have been prepared for such indebtedness. However, in order that a complete record of set-offs may be maintained in one place, the adjustment clerk shall, after determining that a set-off is to be made, enter on a blank card or sheet of paper of the same size as WR-327 or other record, the name of the debtor-applicant, the form number and scrial number of the application against which the set-off is being made, the notation "AAA-372", and his initials. This reference shall be filed in the inactive file in accordance with paragraph 4 above.

6. Notification to county office.

As soon as permanent changes in the register have been made in accordance with the above paragraphs, the adjustment clerk shall also prepare WR-327 Supplement A or other approved form and forward it to the proper county office.

- G. Indebtedness discovered after application is certified for payment.
 - 1. Notification of indebtedness received in State Office after payment certified.

If a payment due a producer is certified and the application forwarded to the Preaudit Office before the State Office is notified that such producer is indebted, a set-off will be made only in the event that the debt is owing to the AAA. If the producer is indebted to any other Governmental agency, the check issued or to be issued will be delivered.

If, however, the producer is indebted to the AAA, the State Office will request the county to return the check to the RDO. When that is done, the check shall be canceled for the reason that the payee is not entitled to it. The adjustment clerk shall then prepare an adjustment application against which the set-off will be made in accordance with the applicable procedure established herein. The signature/s of the applicant/s and county committeeman on the adjustment application are not required.

- 2. Treasury check returned for the reason that the payee is indebted.
 - a. When a Treasury check is returned because the payee is indebted to the AAA, the procedure in paragraph 1 above is applicable.

- b. When a Treasury check is returned because the payee is indebted to any USDA agency other than the AAA, the adjustment clerk will determine whether or not failure to make a set-off was due to an error in the State Office. If the State Office was on notice at the time the application was certified for payment that the producer was indebted, the adjustment clerk will request that the check be canceled. When that is done, an adjustment application will be prepared and the amount due the creditor agency deducted from the payment computed for the applicant under such adjustment application.
- c. When a Treasury check is returned because the payee is indebted to some agency of the Government outside the USDA, the adjustment clerk will determine whether or not failure to make a set-off was due to an error in the State Office. If the State Office was on notice at the time the application was certified for payment that the producer was indebted, the adjustment clerk shall -
 - (1) Prepare a memorandum on the reverse side of Form 1664A (original and first copy) requesting that the check be forwarded to the Claims Division, General Accounting Office, Washington, D. C., because of the apparent indebtedness of the payee. Transmit the first copy of Form 1664A, signed by the Certifying Officer, to the RDO and attach the original Form 1664A to the original ACP-28 (prepared upon receipt of Form 1664A in the State Office). The other two copies of Form 1664A and the three copies of ACP-28 may be disposed of.
 - (2) Prepare an administrative report on AD-42 in septuple, showing the name and present address of the payee and the amount of the check in the spaces provided. Delete the word "chargeable" following "Appropriation" and enter the symbol and title of the appropriation charged. The statement must show that, according to the records of the State Office the amount of the Treasury check No. and the payee thereof are correct, but that the Regional Disbursing Office has been requested to forward the check to the Claims Division, General Accounting Office, because of the apparent indebtedness of the payee to the (It is important that the name of the Governmental agency involved, such as Internal Revenue, Treasury Department, etc., be entered in the statement on AD-42. The term "United States" is not sufficient.) The Certifying Officer shall initial the original and first two copies of AD-42 beneath "Director of Finance", and the name and address of the Certifying Officer shall be typed in the lower margin of the first copy. AD-42 will be dated and signed by the Director of Finance.

- The adjustment clerk will file one copy of AD-42 and the original ACP-28 (with 1664A attached). The original and five copies of AD-42 shall be forwarded to the Washington Office of the Western Division. One copy will be retained by the Western Division and the original and four copies forwarded to the Comptroller of the AAA who will complete the administrative report on Form AD-42. Thereafter the original and three copies will be forwarded to the Office of Budget and Finance where the original will be dated and signed and forwarded to the Claims Division of the General Accounting Office. The Office of Budget and Finance will keep one copy of AD-42 and return the remaining copy to the Western Division for transmittal to the State Office. This copy shall be filed with the other documents pertaining to the case.
- (4). The adjustment clerk shall make the proper notation beside the debtor's name on the register.
- (5) Upon receipt of two copies of Form AAA-367 showing that the case has been settled by the GAO, the adjustment clerk shall withdraw Form ACP-28 and AD-42 from the files and enter on ACP-28 a notation regarding the action taken. The ACP-28 (with 1664A attached), the copies of AD-42, and one copy of AAA-367 shall be filed with the file copy of the application for payment involved. The remaining copy of AAA-367 shall be forwarded to the proper county committee.
- d. When a Treasury check is returned because the payee is indebted to some agency of the Government other than the AAA, and the adjustment clerk finds that the payee is not listed on the register or that the State Office received notification of the indebtedness after the application was certified for payment, he shall return the original and first two copies of Form 1664A to the RDO, requesting that the check be remailed to the payee.

H. Forged Treasury Check -- Payee Indebted to AAA.

Instances may arise wherein it is alleged that a Treasury Check has been forged and the adjustment clerk will find, when preparing a report for the Treasurer of the United States, that the payee is indebted. If a debt is owing to any Governmental agency other than the AAA, the amount of the debt will not be deducted from the amount of the check if the State Office received notification of the indebtedness after the application was originally certified for payment. In the event, however, that the payee, or deceased person for whose performance the payee filed application for payment, is indebted to the AAA, a set-off will be made in the manner outlined in paragraph 1 or 2 below, whichever is applicable.

- 1. Alleged forged check not yet paid by Treasury.
 - a. Preparation of letter to Treasurer of United States.

Where the letter from the Treasurer of the United States shows that the check has not been paid, prepare a reply in the form of a letter such as that outlined below. The letter shall be prepared in quadruplicate on stationery bearing the Office of Budget and Finance letterhead. No date or signature will be entered; however, the Certifying Officer must initial the original and first two copies beneath the words "Director of Finance" and the name and address of the Certifying Officer must be typed in the lower margin of the first copy. Enter the appropriate information in the blank spaces.

UNITED STATES DEPARTMENT OF AGRICULTURE OFFICE OF BUDGET AND FINANCE Washington, D. C.

Treasurer of the United States,
Accounting Division,
Washington. D. C.

Sir: Re:

In reply to your letter of	, wherein
you advise that payment of check numbered	, dated
, in the amount of \$, drawn by
G. F. Allen, symbol, payee	,
was declined on account of an alleged forged payee's name, you are advised as follows:	endorsement of the
payee's name, you are advised as refresh	
An examination of the records relativ	e to the
application for payment No, exec	uted by this payee,
discloses the fact that the amount stated ab	ove is due this

payee under such application. The records further indicate that

this payee is reported to be indebted to the United States.

It is requested that the above described check be transmitted to the General Accounting Office in order that proper settlement may be made. An administrative report, relative to the account of this payee, has been prepared by this office and is being transmitted to the General Accounting Office.

Respectfully,

b. Preparation of AD-42.

The adjustment clerk will also prepare an administrative report, Form AD-42 in quintuple. Following "account of" enter the name and present address of the payee. Enter the amount of the check as the amount claimed. No entries shall be made following "Differences explained below" and "Approved for". Delete "Chargeable" and enter the symbol and title of the appropriation against which the check was drawn. The statement beginning State Office, Western "According to the records of the Division, AAA, " must show that the amount claimed is correct but due to the fact that the payee is indebted to the AAA, the Treasurer of the United States is being requested to transmit the check to the General Accounting Office. The State and county code and serial number of the application under which the check was issued, together with the number and date of the check must be shown. The statement must also include the name of the commodity contract or the program out of which the indebtedness arose, the code and serial number of the contract or application involved, the amount of indebtedness, the symbol and title of the appropriation to be credited, the name of the Disbursing Officer and the D. O. voucher number under which the overpayment was made. The Certifying Officer must initial the original and first two copies of AD-42, and the name and address of the Certifying Officer must be entered in the lower margin of the first copy. AD-42 will be dated and signed by the Director of Finance.

c. Distribution of AD-42 and letter to Treasurer.

The letter from the Treasurer of the United States, a copy of the letter addressed to the Treasurer of the United States, and a copy of AD-42 shall be filed. The original and two copies of the letter to the Treasurer of the United States, a copy of the letter from the Treasurer of the United States (such copy will be made in the State Office), and the original and three copies of AD-42 shall be forwarded to the Western Division. One copy of AD-42 will be returned to the State Office at the time the case is referred to the Claims Division of the General Accounting Office. When settlement has been made, the State Office will receive two copies of AAA-367, one of which will be sent to the State accountant and the other to the county office.

d. Preparation and distribution of ACP-28.

If the payee (or deceased) was indebted under a program administered through the State Office with respect to which a deduction was made for association expenses, the adjustment clerk shall, immediately upon receipt of Form AAA-367, prepare and distribute ACP-28 in accordance with the procedure established in Section II, paragraph A or B, whichever is applicable, with the following exceptions:

- (1) Following "Nature of Remittance" enter the notation
 "Deduction from U. S. Treasury check No. ____, issued
 under Form _____, No. _____, " showing the check
 number together with the form number and State and county
 code and serial number of the application for payment in
 connection with which the check was issued.
- (2) Enter in the spaces provided the D. O. voucher number under which the application in question was paid and the date of such voucher. This information will be obtained from the copy of the Schedule of Disbursements on which the application was scheduled for payment.
- (3) The statement beneath "Action Taken" must show that it was alleged that the Treasury check referred to above has been forged, that the payee or deceased person for whose performance the payee made application for payment was indebted to the AAA as the result of an overpayment under the application listed, and, therefore, the case was referred to the General Accounting Office in Washington, D. C., under date of (enter the date on which AD-42 was signed by the Director of Finance). Also include the fact that the State Office is in receipt of Form AAA-367, Certificate No. , Claim No. (which numbers appear on the form) showing that a settlement has been made by the General Accounting Office. Enter the symbol and title of the appropriation credited with the deduction.
 - (4) The adjustment clerk will file one copy of ACP-28 with the application in connection with which the check was drawn and will file another copy with the State Office copy of the application under which the overpayment was made. One copy of ACP-28 shall be forwarded to the State accountant and one copy shall be forwarded to the Control Accounts and Reports Section, AAA, Washington, D. C.
- e. If the payee (or deceased) was indebted under a commodity contract program, the 1935 Cotton Price Adjustment Program, the 1937 Cotton Price Adjustment Payment Plan, or any other program with respect to which no deduction for administrative expenses was made on the overpaid application, or if the indebtedness is the result of a grant of aid or a crop insurance advance, Form ACP-28 will not be prepared inasmuch as there need be no adjustment in the administrative expense account. The copy of Form AAA-367, the letter from the Treasurer of the United States, the copy of the letter to the Treasurer of the United States, and the copies of AD-42 shall be filed with the file copy of the application in connection with which the check was issued.
- f. The adjustment clerk shall make the proper changes on the register upon receipt of form AAA-367.

- 2. Forged check paid by Treasury and amount recovered from endorsers
 - a. Preparation of letter to the Treasurer of the United States.

When the letter addressed to the State Office by the Treasurer of the United States shows that the proceeds of a forged Treasury check have been recovered, the adjustment clerk will, if the payee is indebted to the AAA, prepare a reply in letter form such as that outlined below. (If the indebtedness is equal to or greater than the amount of the check, the last sentence will be omitted.) The letter will be prepared in quadruple. The Certifying Officer must initial the original and first two copies.

UNITED STATES DEPARTMENT OF AGRICULTURE OFFICE OF BUDGET AND FINANCE WASHINGTON, D. C.

Treasurer of the United States,
Accounting Division,
Washington, D. C.

Sir: Re:

In reply to your letter of, relative to
check No. , dated for \$ drawn by
F. Allen, symbol , to the order of,
the amount of which has been recovered through the endorsers
because of the forged endorsement of the payee's name, you
are advised as follows:
An examination of the records of the State
Office relative to the application No,
executed by this payee, discloses the fact that the payee is
indebted to the United States in the amount of \$
That amount should, therefore, be deposited to the appropriation
. There appears no reason why payment should not
be made to , in the amount of \$, provided
such person has not received the proceeds of the original check.

Director of Finance.

b. Distribution of letter to the Treasurer of the United States.

The adjustment clerk shall retain one uninitialed copy of the above letter and forward the original and two copies, together with a copy of the letter from the Treasurer of the United States to

Respectfully,

the Western Division for transmittal to the Office of Budget and Finance where the original will be signed and forwarded to the Treasurer of the United States. When settlement has been made, the State Office will receive notice thereof from the Western Division.

c. Preparation and Distribution of ACP-28.

If the payee (or deceased) was indebted under a program administered through the State Office with respect to which a deduction was made for association expenses, the adjustment clerk shall, immediately upon receipt of notification of settlement, prepare and distribute ACP-28 in accordance with the procedure established in paragraph H, 1, d, of this Section I, except that the statement beneath "Action Taken" shall contain information to the effect that it was alleged that the Treasury check described above was forged and the amount recovered from the endorsers, that the payee (or deceased) was indebted to the AAA as the result of an overpayment under the application listed, and therefore, the Treasurer of the United States was requested to deposit \$ amount of indebtedness or the amount of the check, whichever is smaller) to appropriation (showing the symbol and title of the appropriation credited) and to issue a check in the amount of (balance of check, if any) to the payee. The statement shall also include a sentence identifying the Treasury form received from the Western Division showing the action taken by the Treasurer of the United States.

- d. In the event that the producer was indebted under a commodity contract program, the 1935 cotton price adjustment program, the 1937 cotton price adjustment payment plan, or any other program with respect to which no deduction for administrative expenses was made on the application, the notification of settlement, the copy of the letter from the Treasurer of the United States, and the copy of the letter to the Treasurer of the United States shall be filed with the file copy of the application with respect to which the check was drawn. ACP-28 will not be prepared.
- e. The adjustment clerk shall make the proper changes on the register upon receipt of the notification of settlement.

I. Minimum amount to be set off.

If the total amount listed opposite a producer's name on the register is less than \$1.00 a set-off will not be made unless (1) the debt arose in connection with a program administered by the State Office and the issuance of a payment to the proper person is dependent upon recovery of the overpayment through a set-off, or (2) a charge in the amount of the debt has been raised against the disbursing officer or the certifying officer.

J. Signature of Certifying Officer.

In many instances throughout this procedure the signature of the certifying

officer is required on a form of which a number of copies are prepared. Unless the procedure specifies that the certifying officer shall sign the original and one or more copies, only the original of the form need be signed. A facsimile signature will be entered on all copies on which an original signature is not required.

II. APPLICATION FILED BY ONLY ONE APPLICANT. SAME APPLICANT LISTED ON REGISTER AS INDEBTED TO THE UNITED STATES. NO ASSIGNMENT.

The procedure set forth in this Section II is to be followed when an application is filed by - (1) Only one person and such person is indebted; or (2) joint-owners or joint-operators (who together are entitled to receive all or a part of the owner's or operator's share of payment) and the same persons are indebted as joint-owners or joint-operators; or (3) A partnership, firm, corporation, etc., and the same partnership, firm, corporation, etc., is indebted; or (4) A widow of or successor in interest to a deceased person whose name appears on the register and such debtor contributed to performance for which application for payment is filed. (These facts should be set forth in a statement accompanying the application at the time it is forwarded to the adjustment clerk. If the statement is not attached it must be secured before a set-off is made.)

If an application for payment is signed by any one in addition to the person referred to above, the set-off will be made in accordance with the procedure outlined in Section V or Section VI.

ADJUSTMENT CLERK

A. Applicant (or deceased person) indebted to AAA - Overpaid under 1936 ACP or RCP.

When the register shows that the applicant (or deceased person who contributed to performance) is indebted to the AAA and such indebtedness arose from an overpayment under the 1936 ACP or RCP, a set-off shall be made in the following manner.

1. Preparation of Form ACP-28.

The adjustment clerk shall prepare ACP-28 in quadruplicate with only the following items entered thereon:

- a. Enter the applicant's name in the space provided.
 - (1) If the applicant is the widow of or successor in interest to a deceased debtor or the administrator or executor of a deceased debtor's estate and it is determined that a set-off will be made, enter the name of the deceased debtor on the line entitled "Applicant's Name."
- b. Following "Nature of Remittance" enter "Set-off against payment due under Form _____, No. ____ " showing the Form number

(WR-311, WR-312, WR-319, SB-310, etc.) and the State and county code and application serial number.

- c. In the space above "State and County Code No." enter the notation "Overpaid application WR-11", "Overpaid application WR-12", or "Overpaid application WR-19", whichever is applicable, and enter the State and county code and application serial number of the Form WR-11, WR-12 or WR-19 in the spaces provided.
- d. Enter the amount of indebtedness after the "\$" sign.
- e. In the space beneath "Action Taken" enter a statement showing --
 - (1) That the applicant is indebted to the AAA because of an over-payment under the 1936 ACP or RCP, or that the set-off is being made against a payment due the applicant who is applying for payment for performance contributed by the deceased who received an overpayment under the 1936 Program.
 - (2) The symbol and title of the appropriation to be credited which is the symbol and title of the appropriation (printed on ACP-14) under which the overpayment was made.
 - (3) The administrative number of the AGP-13 form on which the overpayment was scheduled.
 - (4) The name of the Disbursing Officer by whom the overpayment was made and the D. O. Voucher number.
 - (5) That "Payment to U. S. Treas. is scheduled on Form Administrative No. ; and on Standard Form 1096, Schedule No. ."
- f. Beneath the statement, enter the appropriate notation, as described below, regarding the proper adjustment to be made in the administrative expense account for the year 1936. Precede such notation by the statement "Adjust 1936 administrative expense account." If an overpayment was made under a 1936 range application signed by more than one operator, the amounts to be entered in the appropriate notation must bear the same relationship to the total amount of administrative expense that the debtor-operator's share of the payment bears to the total payment.
 - (1) Where the entire amount of the indebtedness is set off.
 - (a) If initial and final or full payment checks were issued under the 1936 application from which the overpayment arose, enter on ACP-28 the amount of administrative expense previously charged, the correct amount of 1936 administrative expense, and the adjustment which should be made. This information will be set forth in the notation--

Administrative	expense	previously charged\$
Correct amount	of 1936	Adm. expense\$
Decrease deduct	tion	\$

- (b) If only the initial payment check was issued under the 1936 application and such initial payment was in excess of the total amount due the applicant, the amount of administrative expense will not have been charged. Where a set-off is being made because of such overpayment, it is necessary that the correct amount of administrative expense shall be indicated by the notation "Increase Deduction \$."
- (2) Where the amount set off is less than the amount of indebtedness (the payment under the application being smaller than the indebtedness) --
 - (a) If initial and final or full payment checks were issued under the 1936 Application under which the overpayment was made, the adjustment in the 1936 administrative expense account must bear the same relationship to the amount previously charged which the amount of the set-off bears to the total indebtedness. For example if an applicant was overpaid in 1936 in the amount of \$100 and a set-off of \$50 is made, the 1936 administrative expense account shall be reduced by an amount equal to only 50% of the amount previously overcharged, because the set-off is only 50% of the total indebtedness.

In such case the notation on the ACP-28 should contain the following items:

Adjust 1936 administrative expense account:

1936 adm. exp. charged under original
application\$
Correct amount of 1936 adm. exp\$
Amount overcharged\$
Decrease deduction (% of amount
overcharged because set-off repre-
sents same percent of indebtedness)\$

In the above notation the "correct amount of 1936 adm. exp." represents the total amount of administrative expense computed under the 1936 adjustment application. The amount overcharged is the result determined by subtracting the entry on the second line from that on the first line. (This is the amount which would be entered in the notation "Decrease deduction \$\frac{1}{2}\$ if the set-off were equal to the indebtedness.) The entry on the fourth line must be the same percentage of the entry

on the third line which the set-off is of the indebtedness. Therefore, if the set-off is 50% of the debt, the entry on the fourth line must be 50% of the entry on the third line.

Where the balance of the debt is set off at a later date or where a refund of the balance is received from the applicant, the ACP-28 prepared at the time the second set-off is made or the refund is received shall contain the following information:

Adjust 1936 administrative expense account:

1936 adm. exp. charged under original application\$
Correct amount of 1936 adm. expense\$
Amount overcharged\$
Less amount deducted at time of set- off against payment due under Form No, State and county code and serial No\$
Decrease deduction\$
ne amounts entered on first four lines shall be the sames those on the first four lines of the notation des-

The amounts entered on first four lines shall be the same as those on the first four lines of the notation described above. If the total amount of both set-offs (or the first set-off and the refund) equals the amount of the 1936 overpayment, the entry on the fourth line in the above notation, plus the entry on the fifth line must equal the entry on the third line.

If the second set-off (or refund) is not equal to the balance remaining due the Government after the first set-off has been made, the second ACP-28 shall contain the following notation:

Adjust 1936 administrative expense account:

1936 adm. exp. charged under original application\$ Correct amount of 1936 adm. expense\$
Amount overcharged\$
Less amount deducted at time of set-off against payment due under Form No
Amount remaining overcharged\$
Decrease deduction (% of amount re- maining overcharged because set-off represents same percent of amount re- maining due the Government)\$

Then where the total overpayment is finally liquidated by a third set-off (or refund), the notation on ACP-28 shall be as follows:

	Adjust 1936 administrative expense account:
	1936 adm. exp. charged under original application\$ Correct amount of adm. expense\$
	Amount overcharged\$
	Less Amount deducted at time of set-off against payment due under Form State and county code and serial No. \$
	Amount deducted at time of set-off against payment due under Form State and county code and serial No. \$
	(If a refund has been received, change wording accordingly.)
	Decrease deduction (third line minus fourth line)\$
(b)	If only the initial payment check was issued under the 1936 application and such initial payment was in excess of the total amount due the applicant, no administrative expense will have been charged. Therefore, when the amount of the set-off is less than the amount of the 1936 overpayment, the administrative expense account shall be increased by an amount which bears the same proportion to the correct amount of administrative expense that the set-off bears to the indebtedness. The notation on ACP-28 should contain the following items:
	Adjust 1936 administrative expense account:
	Correct amount of 1936 adm. exp \$ Increase deduction (
	The "correct amount of 1936 adm. expense" represents the

The "correct amount of 1936 adm. expense" represents the amount of administrative expense computed under the 1936 adjustment application.

Where another set-off is made at a later date (or where a refund is received) and such set-off or refund is not equal to the balance due the Government the notation on ACP-28 prepared at the time such set-off is made will contain the following items:

Adjust 1936 administrative expense account:	
Correct amount of 1936 adm. exp \$ Less amount charged at time set-off against payment due under Form	
Amount still to be charged	
(If a refund is received, change the wording accordingly.)	
Then where the total overpayment is liquidated by third set-off (or refund), the following notation shall be entered on ACP-28:	a 1
Adjust 1936 administrative expense account:	
Correct 1936 administrative expense account:	\$
Less: Amount charged at time set-off against payment due under Form	
Amount charged at time set-off	
against payment due under Form	
and serial No, was made\$	
and Serial No, was made	\$
(If a refund has been received, change wording accordingly.)	
Amount yet to be charged	\$
represents same percent of amount remaining due the Government)	\$
TOWATITIES and other advertimental	T

- g. The adjustment clerk shall enter his initials beside the line for the signature of the Officer in Charge.
- 2. Entries on application for payment.
 - a. Application on which lines for deductions are provided.

If the application (such as WR-311A, 311B, 312, or 319) contains a space for the amount of the indebtedness and the explanatory statement, this information may have been entered in the county office.

Where the information regarding the indebtedness does not appear on the application, the adjustment clerk shall enter the amount of the debt, the explanatory statement and the amount to be set off. The explanatory statement shall read "SET-OFF FOR AAA-1936 ACP" (or RCP, where applicable). The amount to be set off shall be the smaller of (1) the amount of the 1936 ACP or RCP indebtedness or (2) the applicant's payment less association expenses; provided, however that where there are other deductions having priority over the 1936 ACP or RCP indebtedness, the amount to be set off shall be the smaller of (1) the amount of the indebtedness or (2) the result determined by subtracting all such deductions having priority from the applicant's payment less association expenses. (Where association expenses are not to be deducted from the payment computed under the application against which the set-off is being made, subtract the set-off and any other deductions from the applicant's payment instead of from the "applicant's payment less association expenses.")

If information regarding the indebtedness has been entered in the county office, the adjustment clerk shall check the entries, correct them where necessary, and determine the amount to be set off. The explanatory statement need not be worded exactly the same as that described above, but it must show the agency to whom the applicant is indebted and the program in connection with which such indebtedness arose.

The method of entering the set-off on 1939 ACP and RCP applications is outlined below. (Where an assignment is reported on the application follow the procedure in Section IV.)

- (1) Where WR-311A, 311B or 311 Thomas County is filed by the debtor applicant, enter -
 - (a) "SET-OFF FOR AAA--1936 ACP" (or RCP) in the Payment Data section, column (a), line 3, 4, or 5.
 - (b) The amount of indebtedness on the same line in column (b). This amount will be taken from ACP-28.

- (c) The amount to be set off on the same line in column (c).

 This amount shall be the amount of indebtedness or the amount on line 2, column (c), whichever is smaller; unless there are other deductions having priority over the 1936 ACP or RCP set-off, in which event the amount to be set-off shall be the smaller of (1) the amount of indebtedness or (2) the entry on line 2, column (c) less the sum of all deductions having priority.
- (d) The payment for the applicant on line 6, column (c). This amount shall be determined by subtracting the sum of the set-off and any other deductions from the entry on line 2, column (c). If the result is zero enter an "O".
- (2) Where WR-312 or WR-312 Thomas County is filed by the debtor-applicant, enter --
 - (a) "SET-OFF FOR AAA---1936 ACP" (or RCP) in Section II, on line 4, 5, or 6 beneath columns (d) to (h) inclusive.
 - (b) The amount of indebtedness on the same line beneath columns (a) and (b).
 - (c) The amount to be set off on the same line in column (i).
 In determining this amount follow the procedure in paragraph (1), (c), above, substituting "line 3" for "line 2".
 - (d) The payment for the applicant on line 7, column (i). This amount shall be determined by subtracting the sum of the set-off and any other deductions from the entry on line 3, column (c). If the result is zero enter an "O".
- (3) Where WR-319 is filed by the debtor-applicant, enter --
 - (a) "SET-OFF FOR AAA-1936 ACP" (or RCP) in the first column of section III, line 9 or 10.
 - (b) The amount of indebtedness. This amount, which will be taken from ACP-28, shall be entered on the same line in the column beneath the indebted applicant's name and encircled.
 - (c) The amount to be set off. This amount shall be entered on the same line and in the same column with the amount of indebtedness but shall not be encircled. The amount to be set off shall be the encircled entry representing the indebtedness or the entry on line 8 in the same column, whichever is smaller; unless there are other deductions having priority over the 1936 ACP or RCP set-off, in which event the amount to be set off shall be the smaller of (1) the encricled entry representing the indebtedness or (2) the entry on line 8 in the same column less the sum of all deductions having priority.

(d) The payment for the debtor-applicant in the same column on line 3. This amount shall be determined by subtracting the sum of all deductions from the entry on line 8 in the same column. If the result is zero, enter an "O".

The amounts due all other applicants and assignees whose names appear on the same WR-319 should have been determined and entered before the application was forwarded to the adjustment clerk. However, if such entries have not been made, the adjustment clerk shall make them in accordance with the regular audit procedure.

b. Application on which lines for deductions are not provided.

If there is sufficient space in the lower margin of the application, enter (on the original and all copies) the following notation with the correct data in the blank spaces:

Payment for	\$	
Set-off for AAA 1936 ACP (or RCP)	453	
Actual payment for above-named applicant	\$	

Following the word "for" on the first line enter the name of the indebted applicant and, following the \$ sign, enter the amount which would be paid to such applicant were it not for the 1936 indebtedness. This amount is the payment computed for the applicant less the sum of all deductions having priority over the 1936 indebtedness. On the second line enter the amount of indebtedness shown on ACP-28 or the amount of payment entered on the first line of the notation, whichever is smaller. The amount to be entered on the third line of the notation is the result determined by subtracting the entry on the second line from that on the first line.

In the event that there is not sufficient space to enter the above notation on the application for payment, it will be necessary to write the statement on other sheets of paper and attach a copy to each copy of the application. Particular care must be taken to see that the notation is securely fastened in a conspicuous place.

The actual payment for the applicant, as determined and entered on the last line of the notation described above, shall be transferred to the appropriate line of the application. There the application for payment is made on Form ACP-90, ACP-96, ACP-97, ACP-98, SB-310 or any other form where the payment for the applicant, as determined and entered in the appropriate space before the form is forwarded to the adjustment clerk, is the amount which would be scheduled for such applicant on the continuation sheet if the applicant were not indebted, the adjustment clerk shall, after determining the actual payment for the applicant, encircle the payment computed for the applicant before the form was submitted to the adjustment clerk and shall enter beside the encircled figure the amount due the applicant after the set-off has been deducted. If any total is affected, it shall also be encircled and the

correct total entered. For example, if a producer who filed ACP-90 is indebted, the payment due such producer will have been entered on the appropriate line in the Amount column of Section III before the case is submitted to the adjustment clerk; therefore, after the adjustment clerk has computed the actual payment for the applicant, he will enter such amount on the appropriate line in Section III of ACP-90 and will encircle the original entry on such line. The original total of the Amount column shall also be encircled and the correct total entered in lieu thereof.

- 3. The adjustment clerk should enter his initials and a reference to the debtor's register card on the State Office file copy of the application.
- 4. Forward the original application and all four Forms ACP-28 to the Scheduling and Voucher Unit where the voucher forms will be prepared. The State Office file copy of the application and all other documents shall be filed. The county office file copy of the application shall be held in the place provided for such purpose until a copy of the Schedule of Disbursements on which such application was scheduled is returned by the General Accounting Preaudit Office.

SCHEDULING AND VOUCHER UNIT

5. Preparation of Continuation Sheet.

Each application for payment shall be scheduled on the continuation sheet provided for use in connection with the program with respect to which the application for payment is filed. Although only one form is provided for use in scheduling range and crop applications, range applications should not be listed on the same sheet on which crop applications are listed. Applications from persons who are not indebted and applications from those who are indebted may be listed on the same continuation sheet. Applications with respect to which assignments have been executed may also be listed on the same continuation sheet.

Five copies shall be prepared — the original on white and all carbons on yellow. The information in the heading of the form shall be entered in the manner prescribed in the regular audit procedure. The payment for each applicant not indebted shall be scheduled in accordance with the instructions in the regular audit procedure, and any amount due the person against whose payment a set-off is being made shall be scheduled as follows:

- a. The application serial number, and the name and address of the payee (applicant) shall be entered in columns (a) and (b) respectively. The amount to be entered on the same line in the Amount or Payment column must be the amount for which a check should be drawn; i.e., the unencircled amount entered in the space provided on the application opposite the applicant's name.
- b. On the next line enter the amount of indebtedness as follows:

- (1) In column (a) enter the serial number of the application against which the set-off is being made.
- (2) In column (b) enter "Treas., U. S." followed by the symbol and title of the appropriation to be credited (as shown on Form ACP-28) and the name of the applicant.
 - (a) If a number of set-offs credited to one appropriation are being scheduled on the same continuation sheet, the symbol and title of the appropriation need not be entered for each set-off; provided, however, that an asterisk precedes "Treas. U. S." (*Treas. U. S.) and the notation "*Appropriation to be credited: _____ " with the symbol and title shown in the blank space is entered at the bottom of the sheet. When this procedure is followed, be sure to enter the asterisks properly. Otherwise the appropriation will not be identified and the lot will be suspended by the Preaudit Office.
- (3) In the Amount or Payment column enter the amount of indebtedness being deducted. This amount will appear in the space provided on the application or on the second line of the notation entered on the application by the adjustment clerk.
- (4) In the "Check number" column enter a cross-reference to the schedule number of the Form 1096 upon which this particular deduction is being scheduled for deposit. (See paragraph 8, a, below.)
 - (a) If a number of set-offs credited to one appropriation are being scheduled on the same continuation sheet, and entries in column (b) have been made in accordance with subparagraph (2), (a), of this paragraph b, the form 1096 schedule number need not be entered opposite each set-off. Instead, enter two asterisks in the Check No. column, and at the bottom of the sheet enter the notation "** Standard Form 1096, Schedule No. ____ " showing in the blank space the number of the form 1096 on which the set-offs are being scheduled.
- c. The total shall represent the sum of all amounts in the Amount or Payment column.
- d. If the amount of indebtedness is equal to or greater than the payment due the applicant, the entries required in paragraph b above are sufficient and the entries outlined in paragraph a will not be made.
- e. The entries on the continuation sheet shall be verified and the amount of administrative expense determined and entered in accordance with existing procedure.

- (1) The adding machine total of the Amount Payable under sugar applications must include the amounts being set off.
- (2) The adding machine total of payments under the price adjustment program shall include all unencircled entries in the Amount column of the applications and all set-offs made against such applications.
- 6. Preparation of Public Youcher (ACP-105, etc.)

The Public Voucher form shall be prepared in accordance with the regular audit procedure with the following entries in addition:

- a. After the name of the first payee and the words "et al" enter

 "payees", showing the total number of payees listed on
 the continuation sheet. In determining this total, the Treasurer
 of the United States shall be considered as one payee regardless
 of the number of AAA set-offs listed on the continuation sheet.
- b. In the blank space beneath the certificate enter --

Payees	*	on this voucher for the applicants and the assignees of applicants not indebted.
7.000	ф и	entering the total amount heins

"Forms 1096 \$_____" entering the total amount being scheduled on all forms 1096 accompanying the voucher.

"Total \$ " entering the sum of the amounts on the two preceding lines. This total must agree with the amount shown in the certification as the "net payments aggregating."

7. Preparation of the Schedule of Disbursements

The Schedule of Disbursements (ACP-22, Standard Form 1064, etc.) shall be prepared in accordance with the regular audit procedure.

- 8. Preparation of Standard Form 1096, "Schedule of Youcher Deductions."
 - Prepare nine copies (original and 8 carbons) of Form 1096, "Schedule of Voucher Deductions". All deductions scheduled on all Continuation Sheets and Public Vouchers covered by one Schedule of Disbursements may be listed on one Form 1096.
 - a. Enter the schedule number in the upper right-hand corner, beginning with a new series for each program. The schedule number shall include the year and program with respect to which the application against which the set-off is being made was filed. The numbers will begin with 1 and continue consecutively, as follows:

```
1938 ACP - )
1938 RCP - )
1938 Sugar - ) followed by the number next in order
1939 PAP - Wheat - ) in the present series.
1939 PAP - Cotton - )
1939 PAP - Corn - )
1939 PAP - Rice - )

1939 RCP - 1 )
1939 RCP - 1 ) (The numbers will continue in consecutive
1939 Sugar - 1 ) order.)
```

- b. Immediately below the schedule number enter the sheet number and date on which the form is prepared.
- c. On the line above the words "Department or Establishment" write "Agriculture, AAA, Western Division", followed by the city and State in which the State office is located on the line above the words "Bureau or Office".
- d. After the words "Made by" enter "G. F. Allen, Chief Disbursing Officer" and the city and State in which the RDO is located.
- e. The entry following the word "Period" shall be the month in which it is presumed that action will be taken by the Disbursing Office.
- f. The "D. O. Symbol No." shall be the number furnished by the RDO for use in connection with the program with respect to which the application for payment, against which the set-off is being made, was filed.
- g. The column headed "D. O. Voucher Number" shall be left blank.
- h. On the first line in the "Bureau or Office Voucher Number" column, enter the administrative number of the Public Voucher (ACP-105, etc.) on which a set-off is being scheduled.
- i. On the first line in the third column enter the symbol and title of the appropriation to be credited, followed by the name of the applicant (payee) in parentheses. Such symbol, title, and payee's name shall be the same as the symbol, title, and applicant's name shown in the first deduction scheduled in column (b) of the continuation sheet bearing the same administrative number as that entered in accordance with paragraph h above. Also enter the notation "1936 ACP No. _____ " showing the State and county code and serial number of the 1936 application under which the overpayment was made.
 - (1) Where a number of set-offs are being scheduled for one appropriation, the symbol and title of such appropriation may be entered at the top of the third column of Form 1096. Beneath

the appropriation enter for each set-off the name of the applicant and the name and number of the 1936 application under which the overpayment was made. This procedure eliminates the typing of the appropriation symbol and title for each set-off. Be certain that all items entered beneath the appropriation are to be deposited to that appropriation.

- (2) Whenever a set-off is made to effect recovery of an erroneous payment in a case where the State Office has received GAO Form 2084, or notice from the Office of the Comptroller, indicating that the General Accounting Office has taken an exception to such payment, enter opposite the particular item, the notation "GAO disallowance".
- j. The "Amount of Deduction" entered on the first line shall be the amount shown in the corresponding item on the continuation sheet.
- k. On the first line in the column headed "Remarks", enter the name of the Disbursing Officer and the D. O. voucher number by which the overpayment was made. This information will be taken from the ACP-28.
 - (1) Where a number of set-offs for overpayments made by G. F. Allen are scheduled on one Form 1096 the notation "G. F. Allen, D. O. Voucher" may be entered at the top of the Remarks column. Then enter the D. O. voucher number on the same line with the amount being set off.
- 1. Repeat the procedure set forth above until all deductions listed on the continuation sheets covered by a single Schedule of Disbursements have been scheduled on Form 1096.
- m. Total all entries in the "Amount of Deduction" column and enter the result on the last line in the column after the word "Total".
- n. In the upper margin of the third copy stamp the notation "Forward to the Control Accounts and Reports Section AAA, Washington, D. C."
- o. The Certifying Officer must sign the original in the space provided for the signature of the approving officer. The certifying officer's facsimile signature should be entered on all copies.
- 9. <u>Distribution_of Form_ACP_28, Continuation Sheets, Public_Voucher, Schedule_of_Disbursements_and_Standard_Form_1096</u>.
 - a. Form ACP-28

After all of the above-mentioned forms have been prepared, the form number and the administrative number of the continuation sheet and the schedule number of Standard Form.1096 shall be entered in the spaces provided in the statement on all four copies of Form ACP-28. The Forms ACP-28 shall be returned to the adjustment clerk who will file one copy with the State Office copy of the application against which the set-off was made and will file another copy with the copy of WR-11, WR-12, or WR-19 under which the overpayment was made. The two remaining copies of ACP-28 shall be kept by the adjustment clerk pending receipt of the copy of 1096 returned by the RDO.

- the Continuation Sheets, Public Vouchers and Schedule of Disbursements.

 The continuation sheet, public voucher and schedule of disbursements shall be distributed in accordance with the regular audit procedure.
- c. Standard Form 1096.

The State Office will retain four copies of Form 1096 and forward the original and four copies (including the copy marked for the Control Accounts and Reports Section, AAA) to the Preaudit Office with the applications for payment. The Preaudit Office will retain one copy and forward the original and three copies to the RDO. The RDO will retain the original and one copy, forward one copy to the Control Accounts and Reports Section, AAA, and return one copy containing information relative to the check numbers, etc., to the State Office,

Upon return of one copy of the schedule of disbursements from the Preaudit Office, the State Office shall transmit one copy of Form 1096 to the Accounting and Bookkeeping Division, General Accounting Office, Washington, D. C., and one copy to the Division of Bookkeeping and Warrants, Treasury Department, Washington, D. C. Upon return of one copy of Form 1096 containing information relative to the check numbers, etc., from the RDO, the State Office shall enter such information on the two remaining copies and shall forward one copy to the Office of Budget and Finance, Department of Agriculture, Washington, D. C. and file the other copy. The Form 1096 returned from the RDO shall be forwarded to the adjustment clerk who will make the proper changes on the register. Then the adjustment clerk will send the Form 1096 and one copy of ACP-28 to the State accountant. The remaining copy of ACP-28 shall be sent to the Control Accounts and Reports Section, AAA, Washington, D. C.

B. Applicant indebted to AAA -- overpaid under the 1937 ACP, or RCP, the 1937 SBP, the 1938 ACP or RCP, the 1938 SBP, 1939 ACP or RCP, 1939 SBP, or any other program administered through the State Office with respect to which (1) the full amount due for performance for the year was made in one payment and (2) a deduction for local association expenses was made from the payment computed on the application.

When an applicant (or deceased person for whose performance the applicant is applying for payment) is indebted to the AAA, and such indebtedness arose from an overpayment under any of the programs referred to above, and if the application against which the set-off is to be made is chargeable to an appropriation other than that from which the overpayment was made, the set-off shall be made as follows:

1. Preparation of ACP-28

Prepare ACP-28 in accordance with paragraph A of this Section II with the following exceptions:

- a. In the space above "State & County Code No." enter "Overpaid application" followed by the form number (NR-111, WR-112, WR-113, WR-119, SB-110, WR-211, WR-212, WR-213, WR-219, SB-210, WR-311, VR-312, WR-319, SB-310, etc.) of the application under which the overpayment was made. Enter the state and county code and serial number of such application in the space provided.
- b. The first item in the statement entered beneath "Action Taken" must show the proper program under which the applicant or deceased received the overpayment resulting in his indebtedness to the AAA.
- c. The symbol and title of the appropriation to be credited, which is the symbol and title of the appropriation from which the overpayment was made, will be found on the Public Voucher (ACP-42, S-2, ACP-76, S-2 Revised, ACP-105, etc.) on which the application under which the indebtedness arose was certified for payment.
- d. The administrative number shall be the administrative number of the appropriate continuation sheet (ACP-41C, ACP-41D, S-1, ACP-75, S-1, Revised, ACP-104, etc.) on which the application under which the indebtedness arose was scheduled for payment.
- e. Inasmuch as full payment checks were issued in connection with each of the programs referred to in the above heading (there being no initial and final payments as in the case of the 1936 ACP), the notation on ACP-28 regarding the adjustment in the administrative expense account will be made in accordance with the procedure established in paragraph A, 1, f, (1), (a) or paragraph A, 1, f, (2), (a) of this Section II, whichever is applicable. The notation must, of course, show the proper program and the year with respect to which the administrative expense adjustment is being made. If the application under which the overpayment was made was signed by two or more persons each of whom was entitled to a share of the total payment, the amounts to be entered in the notation on ACP-28 regarding the adjustment in the administrative expense account must bear the same relationship to the total association expense deduction that the indebted person's share of the payment bears to the total payment made under such application.

2. Entries on the Application for Payment.

Enter the amount of indebtedness, the amount to be set off, the explanatory statement, and the amount due the applicant in accordance with paragraph A of this Section II, but substitute the proper year and program (1937 ACP, 1938 SUGAR, 1939 RCP, etc.) for "1936 ACP" in the explanatory statement. Also enter the proper notation regarding the debt on the State Office file copy of the application.

3. Preparation of Public Voucher, Continuation Sheet and Schedule of Disbursements.

Prepare these forms in accordance with paragraph A of this Section II.

4. Preparation of Form 1096.

Prepare form 1096 in accordance with paragraph A of this Section II but in the third column enter the year, program, and number of the application under which the overpayment was made instead of the notation "1936 ACP No. ".

5. Distribution of Forms.

All forms shall be distributed in accordance with paragraph A of this Section II.

C. Applicant indebted to AAA. Overpaid under the 1935 Cotton Price Adjustment Program, the 1937 Cotton Price Adjustment Payment Plan, 1939 PAP or any other program administered through the State Office with respect to which no deduction for local association expenses was made from the payment issued under the application.

When an applicant (or deceased person for whose performance the applicant is applying for payment) is indebted to the AAA, and such indebtedness arose from an overpayment under any of the programs referred to above and if the application against which the set-off is to be made is chargeable to an appropriation other than that from which the overpayment was made, the set-off shall be made as follows:

1. Preparation of ACP-28

Prepare ACP-28 in <u>duplicate</u> in accordance with paragraph A of this Section II with the following exceptions:

- a. In the space above "State and County Code No." enter "Overpaid application" followed by the form number (CAP-103 Revised, ACP-90, etc.) of the application under which the overpayment was made. In the case of an overpayment under the 1935 Cotton Price Adjustment Program, the notation "1935 CAP application" and the State and county code and serial number of such application may be entered instead.
- b. The first item in the statement entered beneath "Action Taken" must show the proper program under which the applicant or deceased received the overpayment resulting in his indebtedness to the AAA.
- c. The symbol and title of the appropriation to be credited, which is the symbol and title of the appropriation from which the overpayment was made, will be found on the Public Voucher on which the application under which the indebtedness arose was certified for payment; provided, however, that—
 - (1) If the applicant or deceased received an overpayment under the 1935 Cotton Price Adjustment Program, the appropriation to be credited is "12-2100(21)2 Exportation and Domestic Consumption of Agricultural Commodities, Department of Agriculture (Cotton Price Adjustment) (Agricultural Adjustment Administration) (Payments)".

- where the set-off is being made because the payee failed to submit Form CAP-3, the fund to be credited is "128532 Deposits of Undistributed Cotton Price Adjustment Payments". In the event that the amount due the payee under the 1935 Cotton Price Adjustment program is known, the amount of the set-off shall equal the difference between the amount paid to such person as trustee and the amount to which he was personally entitled. In other words, the set-off will equal the sum of the amounts due other persons under the 1935 Cotton Price Adjustment program which amounts should have been distributed by the trustee who failed to return CAP-3.
- (3) If the applicant or deceased received an overpayment under the 1937 Cotton Price Adjustment Payment Plan, the appropriation to be credited is "12-2100(21)3, (1937 CAP)0751" followed by the State code number.
- d. The administrative number shall be the administrative number of the appropriate continuation sheet (CAP-108, ACP-91, etc.) on which the application under which the indebtedness arose was scheduled for payment; provided, however, that where the indebtedness arose in connection with the 1935 Cotton Price Adjustment Program, no administrative number will be entered.
- e. No statement with respect to administrative expense will be entered, inasmuch as the administrative expense account is not involved.
- 2. Entries on the Application for Payment

Enter the amount of indebtedness, the amount to be set-off, the explanatory statement, and the amount due the applicant in accordance with paragraph A of this Section II, but substitute the proper year and program (1937 CAP, 1939 PAP-Wheat, etc.) for "1936 ACP" in the explanatory statement. If the applicant is indebted in connection with the 1935 Cotton Price Adjustment Program, the explanatory statement shall read "SET-OFF FOR AAA -- 1935 CAP-OVERPAYMENT" OR "SET-OFF FOR AAA -- 1935 CAP-FAILURE TO RETURN CAP-3", whichever is applicable. Also enter the proper notation regarding the debt on the State Office file copy of the application.

- 3. The adjustment clerk shall forward both the original and copy of ACP-28 to the Scheduling and Voucher Unit with the application.
- 4. Preparation of Public Voucher, Continuation Sheet and Schedule of Disbursements.

Prepare these forms in accordance with paragraph A of this Section II.

5. Preparation of Form 1096.

Prepare form 1096 in accordance with paragraph A of this Section II; but

in the third column enter the year, program, and number of the application under which the overpayment was made and, where the overpayment was made under the 1939 PAP, the name of the commodity (1935 CAP No. 1937 CAP No. 1939 PAP-Wheat-No. , etc.) instead of the notation "1936 ACP No. ." This information will be taken from ACP-28.

6. Distribution of Forms.

All forms shall be distributed in accordance with paragraph A of this Section II except that the State accountant and the Control Accounts and Reports Section will not receive copies of ACP-28, inasmuch as there will be no adjustment in the administrative expense account.

In connection with a set-off resulting from an overpayment under the 1935 Cotton Price Adjustment Program, the ledger card for the case in question shall be forwarded to the Preaudit Office with the application, voucher forms, and Standard Form 1096. If the amount of the set-off is not the same as the amount shown on the ledger card, a statement of explanation must also be sent to the Preaudit Office. After the case has been examined by that office, the ledger card will be returned to the State Office.

D. Applicant indebted to AAA -- both overpayment and set-off made against same appropriation.

There may be instances where a person is indebted to the AAA and the set-off is being made against an application chargeable to the same appropriation with which the overpayment to such person was charged. This situation would arise in a case where the debtor-applicant became indebted as the result of his receiving and cashing a check issued to another person under an application for payment filed with respect to the same program, or where an applicant received an overpayment under a price adjustment application filed with respect to one commodity and thereafter filed another price adjustment application with respect to the same program year but for a different commodity. The situation would also arise if a person filed a range application in connection with which he was overpaid and thereafter filed a farm application with respect to the same crop year and against which the set-off is to be made, or vice versa. (The range and farm applications must not, of course, have been filed with respect to the same land.) The set-off shall be made as follows:

ADJUSTMENT CLERK

1. Preparation of ACP-28

Prepare ACP-28 in accordance with paragraph A, B, or C but omit (1) the administrative number of the continuation sheet on which the overpayment was scheduled, (2) the name of the Disbursing Officer by whom the overpayment was made and the D. O. voucher number, and (3) the statement regarding the continuation sheet number and Form 1096 number, inasmuch as the set-off is not to be scheduled on these forms. Instead,

enter the notation "Administrative No. of voucher on which payment certified ______". Beside the amount of indebtedness enter and encircle the amount actually being set-off. This entry will be used in correcting the register upon receipt of the copy of the schedule of disbursements from the RDO.

2. Entries on the Application for Payment.

Enter the amount of indebtedness, the amount to be set-off, the explanatory statement, and the amount due the applicant in accordance with paragraph A, B, or C of this Section II. If the overpayment was made under a price adjustment application, include the name of the commodity (wheat, cotton, corn, or rice) in the explanatory statement.

SCHEDULING AND VOUCHER UNIT

3. Preparation of Continuation Sheet.

Prepare the appropriate continuation sheet in accordance with paragraph A of this Section II but do not schedule an amount for the Treasurer of the United States. If the entire payment is used for the set-off and an "O" appears on the application in the space provided for the payment to the applicant, enter the applicant's name and address in the proper column of the continuation sheet and enter an "O" in the amount column. (Payments due any persons not indebted and any grant of aid deductions shall be scheduled in accordance with the regular audit procedure.) In the lower margin of the last page of the continuation sheet for the lot enter the notation "Deduction for previous overpayments \$ " showing the total amount being set-off against all applications in the lot because of overpayments made under the same appropriation. This amount, plus the total of the payment column, the association expense deduction, the total deduction for grants of aid, and the total deduction for crop insurance advances, must equal the gross payment.

a. If the overpayment occurred in connection with a price adjustment application, include the name of the commodity in the above notation.

4. Preparation of Public Voucher.

Prepare the public voucher in accordance with paragraph A of this Section II with the following exceptions:

a. In determining the number of payees, do not count the set-off which is being deposited to the same appropriation from which the overpayment was made. The number of payees need not be shown unless other set-offs have been scheduled on the voucher continuation sheet.

- b. Enter in the certification the notation "Previous overpayments
 \$\frac{1}{2}\$, showing the amount being set-off. This notation
 must be added if the voucher (such as ACP-92) does not contain
 lines for deductions; however, if the voucher (such as ACP-76
 or ACP-105) does contain lines for deductions, the printed title
 of any unused line may be deleted and the above notation substituted
 therefor.
- c. The notation "Payees ... \$, Forms 1096 \$, Total ... \$ " will be entered only in the event that other set-offs have been scheduled on the continuation sheets covered by the same voucher. The set-off being deposited to the same appropriation from which the overpayment was made will not be included in this notation.
- 5. Enter on both copies of ACP-28 the administrative number of the public voucher on which the deduction is shown.
- 6. Prepare the schedule of disbursements in accordance with paragraph A of this Section II and in addition enter, on the line following the association expense deduction for the voucher on which the set-off is shown, an asterisk and the amount previously entered on the public voucher in accordance with paragraph 4, b, above. Also enter separate totals for the "Deduction" column - the total of the administrative expense deduction for all vouchers, and the total of the previous overpayment deduction for all vouchers. Enter an asterisk before the total of the overpayment deduction. In the lower margin of the schedule of disbursements enter "*Deduction for previous overpayments" as an explanation of the second deduction item for each voucher and the total of all such deductions. If there are also deductions for grants of aid or crop insurance advances, identify such amounts and the total thereof in the "Deduction" column and the explanatory statement at the bottom of the sheet by the use of additional asterisks. Be certain that the items in the "Deduction" column and the corresponding explanatory statement are identified by the same number of asterisks.
 - a. If the overpayment was made under a price adjustment application, it will be necessary to make two entries for the voucher in the "Amount" column of Standard Form 1064. Enter first the total amount approved on the voucher for the applicants. Then immediately below this figure enter an asterisk and the amount of the "deduction for previous overpayments" approved on the cover voucher. Enter two totals of the items in the "Amount" column, and the explanatory notation at the bottom of the sheet.

- 7. Do not prepare Standard Form 1096.
- 8. Distribution of forms.

Distribute all forms except ACP-28 in accordance with paragraph A, of this Section II. Form ACP-28 shall be distributed as follows:

- a. The adjustment clerk will forward all copies of the form to the scheduling and voucher unit in order that the administrative number of the voucher on which the deduction is shown may be entered on the ACP-28. Thereafter the scheduling and voucher unit will return all copies of the ACP-28 to the adjustment clerk who will file them (by public voucher administrative number). As soon as a copy of the schedule of disbursements is received from the regional disbursing office, it shall be given to the adjustment clerk who will pull the appropriate forms ACP-28 and make the permanent changes in the register.
 - (1) If ACP-28 contains a statement regarding a change in the administrative expense account, the adjustment clerk will enter the appropriate D. O. voucher number on the form. The D. O. voucher number will be obtained from the schedule of disbursements. Since Form 1096 is not used, the D. O. voucher number will serve as a notification to the State accountant that the set-off has been made. One copy of ACP-28 will be filed with the overpaid application; one copy will be filed with the application against which the set-off was made, and two copies will be forwarded to the State accountant.
 - (2) If no change is to be made in an administrative expense account, ACP-28 will have been prepared in duplicate. File one copy with the overpaid application and the other copy with the application against which the set-off was made.
- E. Applicant indebted to the AAA -- Crop Insurance Advance.
 - 1. Crop insurance premium advance and set-off both made against same appropriation.

ADJUSTMENT CLERK

The set-off shall be made as follows:

a. Preparation of ACP-28.

Prepare ACP-28 in duplicate as follows:

(1) Enter the applicant's name, the nature of remittance, and amount of indebtedness in accordance with paragraph A of this Section II.

- (2) Above "State and county code No." enter "Advance on ACP-100, " showing the year with respect to which the advance was made. Also enter the State and county code and crop insurance application number which appears on ACP-100.
- (3) Beneath "Action Taken" enter the symbol and title of the appropriation to be credited which must be the same as the appropriation to be charged with the application against which the set—off is being deducted. Also enter the notation "Administrative No. of voucher on which payment certified
 - (4) Beside the amount of indebtedness enter and encircle the amount actually being set-off (after computing the amount in accordance with subparagraph b below). This entry will be used in correcting the register upon receipt of the copy of the schedule of disbursements from the RDO.
 - (5) The adjustment clerk shall initial both copies of ACP-28.
- b. Entries on the Application for Payment

Enter the amount of the indebtedness (crop insurance advance not yet recovered), the amount to be set-off, and the explanatory statement in accordance with paragraph A of this Section II; except that the explanatory statement will read "ADVANCE ON ACP-100 "with the proper year shown in the blank space. This entry must agree with that on ACP-28. For example, the notation on a 1939 ACP or RCP application must be "Advance on ACP-100-1940", otherwise the procedure in subparagraph 2 of this paragraph E is applicable. Also determine the amount due the applicant in accordance with paragraph A of this Section II. Enter the proper notation regarding the debt on the State Office file copy of the application.

- c. Both copies of ACP-28 shall be forwarded to the scheduling and voucher unit with the original application.
- d. Preparation of Continuation Sheet.

Prepare the continuation sheet in accordance with paragraph D of this Section II, but, instead of the notation described in subparagraph 3, enter in the lower margin of the last page of the continuation sheet for the lot the notation "Crop Insurance Premium Advances: \$ "showing in the first blank space the year with respect to which the advances were made and showing in the second blank space the total amount approved for such advances on all applications included in the lot. This amount, plus the association expense deduction, the total of the Payment column, and the total deduction for grants of aid, if any, must equal the gross payment.

e. Preparation of Public Voucher.

Prepare the public voucher in accordance with paragraph D of this Section II with the following exception:

Enter the total deduction for crop insurance premium advances in the space provided on the public voucher. The notation regarding previous overpayments is not applicable and will not be entered.

f. Preparation of Schedule of Disbursements.

Prepare the schedule of disbursements in accordance with the regular audit procedure and in addition enter, on the line following the association expense deduction for the voucher on which the crop insurance advance deduction is shown, an asterisk and the amount of the deduction shown on the public voucher. Also enter separate totals for the "Deduction" column — the total of the administrative expense deduction for all vouchers, and the total of the crop insurance advance deductions for all vouchers. Enter an asterisk before the total of the crop insurance advance deductions. In the lower margin of the schedule of disbursements enter "*

Crop Insurance Premium Advances" showing the proper year in the blank space.

If there are also deductions for overpayments set off in accordance with paragraph D of this Section II or for grants of aid, identify such amounts and the total thereof in the "Deduction" column and the explanatory statement at the bottom of the sheet by the use of additional asterisks. Be certain that the items in the "Deduction" column and the corresponding explanatory statements are identified by the same number of asterisks.

- g. Do not prepare Form 1096.
- h. Distribution of forms.

Distribute all forms except ACP-28 in accordance with paragraph A of this Section II. Distribute ACP-28 in accordance with paragraph D of this Section II, but, after the register has been corrected, file one copy with the ACP-100 and the other copy with the application against which the set-off was made.

2. Crop insurance premium advance and set-off therefor made against different appropriations.

When a crop insurance advance is being deducted from a payment due under an application chargeable to an appropriation other than that from which the advance was made, the set-off shall be made in the manner outlined below.

- a. Prepare ACP-28 in duplicate as follows:
 - (1) Enter the applicant's name, the nature of remittance, and amount of indebtedness in accordance with paragraph A of this Section II.
 - (2) Above "State and County Code No." enter "Advance on ACP-100,

 "showing the year with respect to which the advance

 was made. Also enter the State and county code and crop
 insurance application number which appears on ACP-100.
 - (3) Beneath "Action Taken" enter the symbol and title of the appropriation to be credited (the appropriation from which the advance was made) and the notation "Payment to U. S. Treas. scheduled on Form ______administrative No. _____and on form 1096 schedule No. _____".
 - (a) If the crop insurance advance was made for the 1939 year, also enter the name of the Disbursing Officer and the D. O. voucher number of the Form 1080 or 1064 on which the advance was scheduled.
- b. The adjustment clerk shall initial ACP-28 and forward both copies to the scheduling and voucher unit with the application.
- c. Entries on application for payment.

Enter the amount of indebtedness (crop insurance advance not yet recovered), the amount to be set-off, and the explanatory statement in accordance with paragraph A of this Section II; except that the explanatory statement will read "ADVANCE ON ACP-100"

"with the proper year shown in the blank space. This entry must agree with that on ACP-28. Also determine the amount due the applicant in accordance with paragraph A of this Section II. Enter the proper notation regarding the debt on the State Office file copy of the application.

- d. Prepare the appropriate continuation sheet, public voucher and schedule of disbursements in accordance with paragraph A of this Section II.
- e. Prepare Standard Form 1096 in accordance with paragraph A of this Section II with the following exceptions:
 - (1) Following the appropriation symbol and title and payee's name in the third column enter "ACP-100, No. "
 showing the appropriate year and number. This information will be taken from ACP-28.
 - (2) If the set-off is being made as the result of a 1939 advance, enter the name of the Disbursing Officer and the D. O.

- voucher number in the last column. This information will be taken from ACP-28.
- (3) If the set-off is being made as the result of a 1940 advance, enter in the last column the notation "Advance for crop insurance."
- f. Distribution of forms.

Distribute all forms except ACP-28 in accordance with paragraph A of this Section II. Distribute ACP-28 in accordance with subparagraph 1 of this paragraph E.

F. Applicant indebted to AAA -- Grant of Aid.

ADJUSTMENT CLERK

When an applicant's name appears on the register because he has received a grant of aid, the set-off will be made as follows:

- 1. If the application against which the set-off is being made is chargeable to an appropriation which is not the same as the appropriation chargeable with the application filed in connection with the program for which the grant of aid was furnished (i.e., if the grant of aid was made in connection with the 1939 ACP, and the set-off is being made against a price adjustment, sugar, or any payment other than a 1939 range payment)
 - a. Prepare ACP-28 in duplicate as follows:
 - (1) Enter the applicant's name, the nature of remittance, and amount of indebtedness in accordance with paragraph A, of this Section II.
 - (2) In the space above "State and County Code No." enter a notation showing the year and program in connection with which the grant was made, the words "grant of aid", and the form number of the form on which the excess deduction was computed. For example, if the indebtedness arose from a grant of aid furnished in connection with the 1939 agricultural conservation program, the notation will read "1939 ACP GRANT OF AID WR-310A" or "1939 ACP GRANT OF AID WR-310B". Then enter the State and county code and computation sheet number of the appropriate WR-310.
 - (3) In the space beneath "Action Taken" enter:
 - (a) The symbol and title of the appropriation to be credited.

 This is the appropriation which would have been credited if the deduction could have been made from the application filed or to be filed by the producer in connection with

the program for which the grant was furnished. If a grant of aid was made in connection with the 1939 agricultural conservation program the appropriation to be credited is 1202215(21).031 C & UALEDA, 1940 (AAA) (CP).

- (b) The notation "Payment to U. S. Treas. is scheduled on Form , Administrative No. ; and on Standard Form 1096, Schedule No. ."
- (4) The adjustment clerk shall enter his initials on the line provided for the signature of the officer in charge.
- (5) No statement regarding administrative expense shall be entered, inasmuch as the administrative expense account is not involved.
- b. Entries on the Application for Payment.

Enter the amount of indebtedness, the amount to be set off and the exclanatory statement in accordance with paragraph A of this Section II; but change the explanatory statement to read "SET_OFF FOR AAA GRANT OF AID", showing in the blank space the program year with respect to which the grant was made. Also determine in accordance with paragraph A of this Section II the amount due the applicant. Enter the proper notation regarding the debt on the State Office file copy of the application.

c. Forward both the original and copy of ACP-28 to the scheduling and voucher unit along with the application for payment.

SCHEDULING AND VOUCHER UNIT

- d. Prepare the appropriate continuation sheet, public voucher, and schedule of disbursements in accordance with paragraph A of this Section II; provided, however, that the set-off for the grant of aid will not be entered on any line which may be provided in the certification on the public voucher for "grants of aid" since this line is for use when deductions are being made from payments due in connection with the program with respect to which the grant was made.
- e. Prepare Standard Form 1096 in accordance with paragraph A of this Section II, with the following exceptions:
 - (1) Following the appropriation and the name of the payee in the third column, enter grant of aid, showing the program year with respect to which the grant was made.
 - (2) In the "Remarks" column enter the notation, "Deduction for triple superphosphate furnished," "Deduction for hairy vetch furnished", "Deduction for Austrian winter peas furnished" or other notation showing the material furnished as a grant of aid.

f. Distribution of forms.

Distribute all forms except ACP-28 in accordance with paragraph A of this Section II. Enter in the notation provided on ACP-28 the form and administrative number of the voucher on which the deduction is scheduled and the schedule number of form 1096 and return both copies of the ACP-28 to the adjustment clerk who will file them by administrative number. As soon as a copy of the schedule of disbursements is received from the RDO, it shall be given to the adjustment clerk who will pull the appropriate forms ACP-28 and make the permanent changes in the register. One copy of ACP-28 should be filed with the WR-310A, WR-310B, or other form on which the grant of aid deduction was computed. The other copy should be filed with the application against which the set-off was made.

ADJUSTMENT CLERK

- 2. If the application against which the set-off is being made and the application filed in connection with the program with respect to which the grant of aid was furnished are chargeable to the same appropriation (i.e., if the grant of aid was made in connection with the 1939 ACP and the set-off is being made against a 1939 range payment) -
 - a. Do not prepare ACP-28.
 - b. Enter on the application against which the set-off is being made the notation described in paragraph 1, b, above.
 - c. Forward the application to the scheduling and voucher unit.

SCHEDULING AND VOUCHER UNIT

- d. Prepare the continuation sheet, public voucher and schedule of disbursements in accordance with established procedure for preparing these forms when grant of aid deductions are scheduled thereon. This procedure will be found in the regular audit procedure issued for the program in connection with which the application was filed (WRP-39-115 for 1939 range conservation payments). The amount being set off shall be entered in the space provided for "grant of aid" deductions in the certification on the Public Voucher.
- e. Do not prepare Form 1096.
- G. Applicant indebted to the AAA -- Overpaid under a commodity contract program.

ADJUSTMENT CLERK

Where the register shows that the applicant or deceased person owes money to the AAA but not to any other Governmental agency, and such indebtedness arose from an overpayment under one or more of the various commodity contract programs, the set-off shall be made as follows:

1. Preparation of Form ACP-30

The Adjustment clerk will prepare, for the information of the scheduling and voucher unit, one copy of ACP-30 in the following manner:

- a. Enter in the blank spaces on the first, second and fourth lines of Part I, data obtained from the register. In addition to the State and county code and serial number, enter on the fourth line the name of the commodity contract out of which the indebtedness arose.
- b. If the application is signed by a widow of or successor in interest to a deceased debtor or by the administrator or executor of such deceased debtor's estate, and it has been determined that the deceased person did contribute to performance for which application for payment is made, enter in the space headed "Remarks" a notation to the effect that the set-off is being made against a payment due the applicant for performance contributed by the deceased. The statement must include the names of the applicant and the deceased.
- c. The amount of indebtedness, the symbol and title of the appropriation to be credited, the name of the disbursing officer, and the disbursing office voucher number shall be entered in the spaces provided in paragraph 1 of Part II, ACP-30.
- 2. Entries on the Application for Payment

Enter the amount of indebtedness, the amount to be set off, and the explanatory statement in accordance with paragraph A of this Section II, but substitute the name of the commodity contract (wheat contract, corn-hog contract, etc.) for "1936 ACP" in the explanatory statement. The amount of indebtedness will be taken from ACP-30. Also determine the amount due the applicant in accordance with paragraph A. Enter the proper notation regarding the debt on the State Office file copy of the application.

3. Forward the ACP-30 with the original application to the scheduling and voucher unit where the voucher forms will be prepared. The State office file copy of the application and all other documents shall be filed. The county office file copy of the application shall be held in the place provided for such purpose until a copy of the Schedule of Disbursements on which such application is scheduled is returned by the Preaudit office.

SCHEDULING AND VOUCHER UNIT

4. Preparation of Public Youcher, Continuation Sheet, and Schedule of Disbursements.

Prepare these forms in accordance with paragraph A of this Section II. The symbol and title of the appropriation to be entered on the continuation sheet (which is the appropriation to be credited with the set-off) will be taken from ACP-30. An extra copy of the continuation sheet will not be prepared for the Comptroller of the AAA.

5. Preparation of Standard Form 1096

Prepare ten copies of Standard Form 1096 in accordance with paragraph A of this Section II, but enter, following the payee's name in the third column, the State and county code and serial number and name of the commodity contract (which information will appear in Part I of ACP-30) out of which the indebtedness arose. The name of the commodity contract should be abbreviated. The name of the Disbursing Officer and the D. O. voucher number under which the overpayment was made will be obtained from ACP-30.

6. Distribution of Forms.

a. Form ACP-30

Form ACP-30 shall be returned to the adjustment clerk who will file it with the State office copy of the application for payment against which the set-off is being made. In no event will Form ACP-30 be forwarded to the Preaudit Office with the original application and voucher forms.

b. Public Voucher, Continuation Sheet and Schedule of Disbursements.

These forms shall be distributed in accordance with the regular audit procedure.

c. Standard Form 1096

The State Office will retain five copies of Form 1096 and forward the original and four copies (including the copy marked for the Control Accounts and Reports Section, AAA) to the Preaudit Office with the applications for payment. The Preaudit Office will retain one copy and forward the original and three copies to the RDO. The RDO will retain the original and one copy, forward one copy to the Control Accounts and Reports Section, AAA and return one copy containing information relative to the check numbers, etc., to the State Office.

Upon return of one copy of the Schedule of Disbursements from the Preaudit Office, the State Office shall transmit one copy of Form 1096 to the Accounting and Bookkeeping Division, General Accounting Office, Washington, D. C., and one copy to the Division of Bookkeeping and Warrants, Treasury Department, Washington, D. C. Upon return of one copy of Form 1096 containing information relative to the check numbers, etc., from the RDO, the State Office shall enter such information on the three remaining copies. Then forward one copy to the Office of Budget and Finance, Department of Agriculture, Washington, D. C.; forward one copy, to the Office of the Comptroller, Agricultural Adjustment Administration, Vashington, D. C.; transmit to the State Accountant the copy returned from the RDO; and file the remaining copy.

H. Applicant indebted to AAA -- failed to remit penalties under marketing quota provisions of Agricultural Adjustment Act of 1938.

When an applicant or deceased person for whose performance the applicant is applying for payment is indebted to the AAA because of his failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938, the set-off shall be made as follows:

1. Preparation of ACP-28

Prevare ACP-28 in duplicate as follows:

- a. Enter the applicant's name, the nature of remittance, and amount of indebtedness in accordance with paragraph A of this Section II.
- b. Above "State and county code No." enter "_____marketing quota", showing in the blank space the name of the commodity. Also enter a reference to the form on which the amount of penalty was computed.
- c. Beneath "Action Taxen" enter the symbol and title of the appropriation to be credited, and "Payment for U. S. Treas. scheduled on Form_____, Administrative No. ____ and on 1096 schedule No. ____."

In connection with cotton marketing quotas, the appropriation to be credited is "122450, Penalties, Cotton Marketing Quotas, Agricultural Adjustment Act, of 1938".

2. Entries on Application for Payment.

Enter the amount of indebtedness, the amount to be set-off, the explanatory statement, and the amount due the applicant in accordance with paragraph A of this Section II; provided, however that the explanatory statement shall read "SET-OFF FOR AAA - MARKETING QUOTAS", showing the year and commodity in the blank space.

- 3. Both copies of ACP-28 shall be forwarded to the scheduling and voucher unit with the original application.
- 4. Preparation of Continuation Sheet, Public Voucher, and Schedule of Disbursements.

Prepare these forms in accordance with paragraph A of this Section II.

5. Preparation of Form 1096

Prepare 10 copies in accordance with paragraph A of this Section II, entering the year and commodity with respect to which the penalty is due, in the third column following the name of the applicant. There is no D. O. voucher number to be entered in the Remarks column. Instead, enter in this column the serial numbers of all of the farms with respect to which the penalty being set off was computed and the amount of such penalty determined for each farm. The sum of the amounts in the Remarks column must equal the entry in the Amount of Deduction column.

On one copy of form 1096 enter the notation "Forward to the Comptroller, AAA."

6. Distribution of Forms.

All forms except ACP-28 and Form 1096 shall be distributed in accordance with paragraph A of this Section II. Distribute form 1096 in accordance with paragraph G of this Section II. Distribute ACP-28 in accordance with paragraph D of this Section II, but file one copy with the form on which the penalty was computed and file the other with the application against which the set-off was made.

I. Applicant indebted to the CCC, FCA, FSA, or other USDA agency (except AAA).

ADJUSTMENT CLERK

1. General

Set-offs of amounts due any of the above-named agencies within the USDA shall be made in the manner outlined below. Where an application for payment is submitted by a widow of or successor in interest to a deceased person who was indebted to any of the above-named agencies or by an administrator or executor of such deceased person's estate, no set-off shall be made, regardless of the fact that the debtor prior to his death contributed to performance for which application for payment is made.

The amount due the CCC, FCA, FSA or other agency will not be scheduled on Standard Form 1096; instead, the payment due the creditor agency will be scheduled on the appropriate continuation sheet and a check will be drawn in favor of such agency.

Information necessary for the scheduling of the set-off can be found on the form AAA-371, AAA-373 or other notification of indebtedness submitted to the State Office by the creditor agency and from which the register of indebtedness card was prepared. Therefore, the adjustment clerk shall, after making the necessary computations on the application for payment against which the set-off is being made, forward the form AAA-371, AAA-373 or other form to the scheduling and voucher unit where the voucher forms will be prepared. The adjustment clerk will not prepare either ACP-28 or ACP-30.

Applications against which set-offs are being made to liquidate amounts due the AAA and applications against which set-offs are being made to liquidate amounts owing to any other agency within the USDA may be forwarded to the scheduling and voucher unit in the same lot.

2. Entries on Application for Payment.

Enter the amount of indebtedness, the amount to be set off, the explanatory statement and the amount due the applicant in accordance with

paragraph A of this Section II; provided, however, that the explanatory statement should read "SET_OFF FOR CCC", "SET_OFF FOR FCA", or "SET_OFF FOR FSA". Also enter the proper notation regarding the debt on the State Office file copy of the application.

SCHEDULING AND VOUCHER UNIT

5. Preparation of Continuation Sheet.

The continuation sheet shall be prepared in accordance with paragraph A of this Section II, except that the indebtedness shall be scheduled as follows:

- a. Enter the application serial number in column (a).
- b. Make the following entries in column (b):
 - (1) On the same line with the application serial number enter "Treas. U. S., c/o" and the name of the agency to whom the applicant is indebted (Farm Security Administration, etc.)
 - (a) When scheduling an amount to be paid to the Commodity Credit Corporation at any address other than Washington, D. C., enter "Symbol 13-980" immediately following "Treas. U. S." and before the name Commodity Credit Corporation.
 - (2) On the next line enter the address of the agency to whom the applicant is indebted. The address should include the street address or name of the building in which the office is located if such information is available.
 - (3) On the next line enter "Indebtedness of" and the name of the applicant.
 - (4) If an account number has been furnished on the notification of indebtedness from the creditor agency, enter on the next line in column (b) of the continuation sheet the words "Account No." and the number shown on the notification.
- c. In the Amount or Payment column enter the amount of indebtedness being deducted. This amount will appear in the space provided on the application or on the second line of the notation entered on the apolication by the adjustment clerk.
- d. Make no entries in the Name of Assignor and Check No. columns.
- 4. Preparation of Public Voucher and Schedule of Disbursements.

These forms shall be prepared in accordance with the procedure outlined in paragraph A of this Section II; provided, however, that certain entries on the Public Voucher shall be made as follows:

- a. In determining the number of payees to be entered following "et al", each payment scheduled for a USDA agency other than the AAA shall be counted as one payee. All amounts scheduled for AAA appropriations shall be considered as one payee.
- b. The amount entered in the space following "Payees" shall include all payments for the applicants, assignees, and all set-offs for USDA agencies other than the AAA.
- E. Distribution of the Continuation Sheet, Public Voucher, Schedule of Disbursements and AAA-371, AAA-373 or other Request for Sct-off.

All forms except AAA-371, AAA-373 or other request for set-off shall be distributed in accordance with paragraph A of this Section II. Form AAA-371 or other form submitted by the creditor agency and used in scheduling the set-off shall be returned to the adjustment clerk for filing. In no case shall such form be sent to the Preaudit Office.

J. Two or more debts of the type mentioned in paragraphs A to I, inclusive, of this Section II recorded against applicant.

When two or more debts are recorded against the applicant on the register, set-offs shall be made in accordance with the order of priority established in Section I, paragraph D. The debt which is first in the order of priority should be listed on the application and the amount of such debt deducted from the applicant's payment. Then, if any payment remains, list the debt which is next in the order of priority and deduct the amount of such debt from the payment remaining after deducting the first debt. Continue this procedure until all debts have been entered or until the payment is exhausted. Prepare as many of the forms ACP-28, ACP-30, the continuation sheet, public voucher, schedule of disbursements, and Standard form 1096 as are necessary, in accordance with the procedure in the applicable paragraph.

For example, applicant Harry Brown who earned \$230 on WR-311 is listed on the register because he (1) obtained a 1940 crop insurance advance of \$50, (2) received an overpayment under the 1938 ACP in the amount of \$35, and (3) is indebted to the CCC under classification (f) of the Order in the amount of \$62. The following entries shall be made in the Payment Data section of the WR-311 filed by Harry Brown.

(a)	(b)	(c)
1. Applicant's net farm payment	XXXXXXXXX	: \$ 230.00
2. Payment less 4 % association expense	: XXXXXXXXXX	; \$ 220.80
3. Advance on ACP-100 - 1940	; \$ 50.00	\$ 50.00
4. Set-off for AAA - 1938 ACP		\$ 35.00
5. Set-off for CCC	\$ 62.00	\$ 62.00
6. Name and address of applicant:	,	1
Harry Brown, Clarendon, Ariz	XXXXXXXXXX	\$ 73.80

Other entries regarding the crop insurance advance shall be made on ACP-28,

the continuation sheet, public voucher and schedule of disbursements in accordance with subparagraph 1, paragraph E of this Section II. Other entries regarding the 1938 ACP set-off shall be made on ACP-28, the continuation sheet, public voucher, and form 1096 in accordance with paragraph B of this Section II. Other entries regarding the CCC set-off shall be made on the continuation sheet and public voucher in accordance with paragraph I of this Section II.

Where two or more debts are recorded against the applicant and the set-offs are to be scheduled for two or more appropriations on form 1096, all of such setoffs may be scheduled on the same form 1096 but a separate subtotal of the amounts being credited to each appropriation must be made in the Amount of Deduction column. The total of the column shall be the sum of the subtotals.

Where two or more debts are recorded against the applicant and the setoffs are to be scheduled on form 1096, but one or more of such setoffs are to be credited to an appropriation and other setoff/s are to be deposited to the general fund of the Treasury, the setoff/s being credited to an appropriation shall not be scheduled on the same form 1096 on which the setoff/s credited to the general fund are scheduled. This procedure is applicable where an applicant is indebted in connection with two or more programs (ACP, PAP, Commodity contract, etc.) and also is indebted because of his failure to remit marketing quota penalties. The marketing quota penalties do not represent money paid out of an appropriation, and are, therefore, deposited to the general fund of the Treasury. Such deposits are, of course, earmarked (refer to paragraph H, 1, c of this Section II) in order that the Treasury Department may know why the collections are being made. The form 1096 on which an amount is being deposited to an appropriation and that on which an amount is being deposited to the general fund shall have different schedule numbers.

In the event that any trust funds are established, a setoff credited to a trust fund shall also be scheduled on a separate form 1096.

K. Applicant listed on the Register as indebted to an agency of the Federal Government outside the USDA, but not to any USDA agency.

If the applicant is indebted to some agency of the Government outside of the USDA, the set-off shall be made in the manner outlined below. Where an application for payment is submitted by a widow of or successor in interest to a deceased person who was indebted or by an administrator or executor of such deceased person's estate, no set-off shall be made, regardless of the fact that the debtor prior to his death contributed to the performance for which application for payment is made.

1. Entries on application for payment

a. If the actual amount due the applicant has not been entered, the adjustment clerk will determine such amount and enter it in the space provided on the application. This amount shall be the amount which the applicant would receive if he were not indebted; i.e., the

amount on line 2, column (c) of the Payment Data Section of WR-311; the amount on line 3, column (c), Section II of WR-312; the amount on line 8, Section III of WR-319, etc.

b. In a conspicuous place near the actual payment due the applicant enter on the application the notation "See ACP-25, Bureau Voucher No. _____". In the blank space enter the number which will be assigned to the ACP-25 in accordance with paragraph 2, c, below.

2. Preparation of ACP-25.

ACP-25 shall be prepared in sextuple -- the original on ACP-25 (white) and five carbons on ACP-25a (yellow) as follows:

- a. If the application against which the set-off is being made is a sugar application, cotton price adjustment application or any form other than a conservation application, delete the words "Agricultural Conservation" and enter "Sugar", "Cotton Price Adjustment" or other appropriate title.
- b. Delete the appropriation number and title printed beneath the heading of the form and enter in the top margin the number and title of the appropriation against which the payment under the application is to be charged.
- c. Enter the Bureau Voucher number in the upper right-hand corner, beginning with a new series. A separate series of voucher numbers should be established for each program, and the number entered on ACP-25 should be preceded by an identification of the program, such as "1939 ACP-1", "1939 PAP-Wheat-1", etc.
- d. On the first line enter the name of the debtor-applicant and the name of the State Office.
- e. On the second line enter the address of the debtor-applicant and the name of the city in which the State Office is located.
- f. On the third line enter the State and county code and serial number of the application for payment against which the set-off is being made.
- g. In column (3) enter the actual payment computed for the applicant on the application. This amount must be the same as the payment for the applicant as entered on line 6 of the payment Data Section of WR-311; on line 7 in column (i) of WR-312; on line 3 in Section III of WR-319; in column 4, Section V of SB-310 on the same line with the producer's name; in the Amount column, Section III of ACP-90, on the same line with the producer's name, etc.
- h. If a deduction for association expenses is made against the payment computed under the application, enter in the heading of column (2)

the percent of such deduction applicable to the county. In the space provided in the column enter the amount deducted from the applicant's payment for local association expenses, but if no deduction for local association expenses is made against the payment computed under the application, make no entry in column (2).

- (1) If application for payment is made on WR-311, the amount to be entered in column (2) of ACP-25 will be determined by subtracting the figure on line 2 of the Payment Data Section from that on line 1.
- (2) If application for payment is made on WR-312, the amount to be entered in column (2) of ACP-25 will be determined by subtracting the figure on line 3, column (c) of WR-312 from that on line 2 column (c).
- (3) If application for payment is made on WR-319, the amount to be entered in column (2) of ACP-25 will be determined by subtracting the figure beneath the applicant's name on line 8, Section III of WR-319 from the figure in the same column on line 7.
- (4) If application for payment is made on SB-310, the amount to be entered in column (2) of ACP-25 will be determined by subtracting the figure on line 17 of SB-310 from the figure on line 16.
- i. In column (1) enter the sum of the entries in columns (2) and (3), unless no deduction for local association expense is made against the payment computed under the application, in which event no entry will be made in column (1).
- j. Make no entries in columns (4), (5), (6) and (7), or in the space provided for showing the funds to be credited.
- k. Enter the title of the Certifying Officer and the date on which Form ACP-25 is prepared.
- 1. The adjustment clerk will enter on the Register a reference to the Form ACP-25 prepared, the date, and his initials.
- 3. Distribution of application and Form ACP-25.

File two Forms ACP-25a with the copies of the application, and forward one ACP-25a to the State accountant. Securely fasten the original ACP-25 and the two remaining copies to the original application and transmit the documents to the Certifying Officer for his signature on the ACP-25. After the documents have been signed they will be forwarded to the Preaudit Office. They will not be scheduled on a Continuation Sheet, Public Voucher, or Schedule of Disbursements.

The Preaudit Office will keep one copy and return to the State Office one ACP-25a bearing the notation "Original certified for payment, subject

to deductions ______, 193 __" with the date of certification entered in the blank spaces. Upon receipt of this copy, the adjustment clerk will pull one of the file copies of ACP-25 and forward it to the Control Accounts and Reports Section, AAA, Washington, D. C. The copy returned by the Preaudit Office will be filed.

The Preaudit Office will forward the original application and ACP-25 to the Office of the Comptroller, AAA. Upon receipt of the application and the original ACP-25, the Office of the Comptroller will prepare Form AD-42 showing that the case is being referred to the Washington General Accounting Office. In the lower left-hand corner of one copy of AD-42 will be a notation "Transmit to State Office with the name of the proper State Office entered. Then the Office of Comptroller will forward the case to the Office of Budget and Finance, which will send the appropriate copy of AD-42 to the Western Division for transmittal to the State Office at the same time the case is transmitted to the Claims Division, General Accounting Office. The State Office copy of AD-42 shall be filed with the Forms ACP-25a. In the event that an inquiry is received from the applicant or county committee relative to the expected date of settlement, a reply may be made by stating that the case was transmitted to the General Accounting Office for direct settlement under the date shown on AD-42.

When the case is settled, the State Office will receive from the Western Division two copies of AAA-367, Forms ACP-25a and AD-42 and the copy of the application for payment shall be withdrawn from the file and notations regarding the settlement of the case shall be made. The documents will then be returned to the permanent files. One copy of AAA-367 shall be forwarded to the proper county office and the remaining copy shall be sent to the State accountant. Where a payment due the applicant is greater than the amount of his indebtedness, the Claims Division of the General Accounting Office will see that a check for the balance is issued.

Federal Government outside the USDA.

If an applicant is indebted to the AAA or other USDA agency and to an agency outside the USDA the case will be handled in accordance with paragraph 1 or 2 below, whichever is applicable. If the payment is sufficient to permit a set-off of the entire amount due the USDA agency and all or part of the amount due the agency outside the USDA, the case will be referred to the GAO for settlement.

1. Payment due the debtor-applicant equal to or less than amount due USDA agency.

Where the payment due the debtor-applicant is equal to or less than the amount owing to one or more USDA agencies, the set-off shall be made without regard to the indebtedness to the agency outside the USDA. The case shall be handled in accordance with paragraph A, B, C, D, E, F, G, H, I or J whichever is applicable.

2. Payment due the debtor-applicant exceeds amount due USDA agency.

Where the payment due the debtor-applicant is greater than the sum of all amounts due USDA agencies, the actual set-offs for each USDA agency and for the agency outside the USDA will be made by the GAO.

a. Entries on application for payment. Enter the amount of indebtedness to the USDA agency, the amount to be set-off, and the explanatory statement in accordance with the applicable paragraph of this Section II. Also enter the payment for the applicant which is the amount the applicant would receive if he were not indebted to the agency outside the USDA.

In a conspicuous place on the application enter the notation "See ACP-25 Bureau Vcucher No. and the attached AD-42."

b. Preparation of ACP-25.

Prepare ACP-25 in accordance with paragraph K of this Section II. The entry in column (3) shall, if association expenses are deducted from the payment computed on the application, be the amount of payment less association expenses shown on the application, i.e., the amount on line 2, column (c) of the Payment Data Section of WR-311, etc.

- (1) If the applicant received a grant of aid in connection with the program with respect to which the application pectalns, such grant will be reported on the application. In column (4) of ACP-21 enter an asterisk and the amount of the grant. Then following "Funds to be credited" enter an asterisk, the symbol and title of the appropriation to be credited with the amount of the grant (which appropriation must be the same as that entered above the title of the form), and the notation "Deduction for materials furnished as a grant of aid."
- c. Preparation Form AD-42

Prepare AD-42 in octuple as follows:

- (1) The date shall not be entered.
- (2) Enter the name and address of the applicant in the space provided.
- (3) Following the dollar sign enter the amount of payment (less association expenses, where such expenses are deducted from the payment computed under the application) for the applicant. (This figure, must agree with that shown in the proper space on the application and also with that in column (3) of ACP-25).
- (4) After the word "chargeable" enter the symbol and title of the appropriation against which the payment under the application is to be charged. Such appropriation symbol and title must agree

with that entered on ACP-25 in place of the one printed on the form.

- (5) In the space provided, enter an administrative report beginning with the statement, "According to the records of the State Office, Western Division, AAA" showing that the payee is due a net payment in the above amount under Form No.

 State and county code and serial No.
- If the applicant is indebted to the AAA as the result of an overpayment, the statement must show the State and county code and serial number and name of the application or commodity contract under which the overpayment was made, the amount of indebtedness, the name of the Disbursing Officer and the D. O. voucher number under which the overpayment was made and the appropriation to be credited. If the applicant is indebted to the AAA as the result of his receiving a crop insurance advance, the statement must show the State and county code and crop insurance application number which appears on ACP-100, the amount of indebtedness not recovered, the appropriation to be credited, and where the advance was made for a 1939 premium, the name of the Disbursing Officer and the D. O. voucher number. If the applicant is indebted to the AAA as the result of his receiving a grant of aid (not the grant of aid reported on ACP-25 in accordance with subparagraph b above), the statement must show the year and program with respect to which the grant was furnished, the amount of indebtedness not yet recovered, the appropriation to be credited, and the name of the commodity furnished as a grant. If a grant of aid is reported on ACP-25, the statement must include a reference to the voucher deduction on the ACP-25. The statement shall also include the request that the amount due the AAA be set off first, and that thereafter a set-off against the balance due the applicant (show the amount of such balance -- which amount must agree with the entry opposite the applicant's name on the application or on the notation entered on the application by the adjustment clerk) be made because of the applicant's indebtedness to the governmental agency outside the USDA (the name of such agency must be shown.)
- (7) If the applicant is indebted to a USDA agency other than the AAA, the statement must show the name and address of such agency, and all other information which would be entered on the continuation sheet in accordance with paragraph I of this Section II if the payment were being scheduled in the State Office. In addition the statement shall include the request that the amount due the USDA agency be set off first and that thereafter a set-off against the balance due the applicant (show the amount of such balance which amount must agree with the entry opposite the applicant's name on the application or on the notation entered on the application by the adjustment clerk) be made because of the applicannt's indebtedness to the governmental agency outside the USDA (the name of such agency must be shown).

- (8) Enter the name and address of the Certifying Officer on the first copy of AD-42 and on the third copy enter the notation "Return to the Office of the Comptroller, AAA."
- d. Do not prepare form ACP-28, ACP-30, the continuation sheet, public voucher, schedule of disbursements, or form 1096.
- e. Distribution of the application, ACP-25, and AD-42.

The adjustment clerk will file the copies of the application, two copies of ACP-25 and one copy of AD-42, and shall transmit one copy of ACP-25 to the State accountant.

The original application, the original and two copies of ACP-25, and the original and six copies of AD-42 shall be forwarded to the Certifying Officer who will sign ACP-25 and enter his initials on the original and first two copies of AD-42 beneath the words "Director of Finance." Thereafter the documents will be forwarded to the Preaudit Office. One copy of ACP-25 will be returned to the State Office by the Preaudit Office. Upon receipt of this copy, the adjustment clerk will pull one of the file copies of ACP-25 and forward it to the Control Accounts and Reports Section, AAA, Washington, D. C. The adjustment clerk will also forward the county office file copy of the application to the proper county.

The Preaudit Office will retain one copy of ACP-25 and one copy of AD-42 and will forward the application, the original and five copies of AD-42, and the original ACP-25 to the Comptroller of the AAA who will complete the administrative report on Form AD-42. The Comptroller will retain one copy of AD-42 and will forward the original application, ACP-25, and the original and four copies of AD-42 to the Office of Budget and Finance where AD-42 will be dated and signed. Two copies of AD-42 will be forwarded to the Western Division where one will be kept and the other sent to the State Office. One copy of AD-42 will be retained by the Office of Budget and Finance and one copy returned to the Comptroller of the AAA. The original application, ACP-25 and AD-42 will be forwarded to the Washington General Accounting Office.

When the case is settled, the State Office will receive two copies of AAA-367 which shall be handled in accordance with paragraph K of this Section II. If the indebtedness to the AAA was the result of an overpayment under a program administered through the State Office with respect to which a deduction was made for association expenses, prepare and distribute ACP-28 in accordance with the applicable paragraph of this Section II

M. Applicant listed on Register as Indebted to an agency outside the USDA, at the time application is certified by both State and Preaudit Offices, but indebtedness removed from the Register prior to transmittal of the application to the Claims Division, GAO.

There may be instances where the State and Preaudit Offices have followed the procedure outlined in either paragraph K or L above, but where the Comptroller of the AAA finds, upon receipt of the case, that the applicant is no longer indebted under the terms of the Order of the Secretary relative to set-offs. In such instances the Comptroller will return the application, AD-42 where applicable, and Form ACP-25, to the State Office together with a transmittal letter of explanation and the usual number of copies of Form C-1110, Supplement A.

- 1. Upon receipt of the documents from the Comptroller, the adjustment clerk shall
 - a. Make the proper changes on the register.
 - b. Mark the two file copies of ACP-25 "Canceled".
 - c. Prepare a memorandum in triplicate addressed to the Chief of Party, General Accounting Preaudit Office, stating that the State Office has received information from the Comptroller, Agricultural Adjustment Administration, to the effect that a set-off is not to be made against the payment due the applicant, and therefore, the preaudit approval of ACP-25 should be removed.
 - d. Transmit the originals of the memorandum, the application, and ACP-25 to the scheduling and voucher unit for the preparation of the voucher forms. (If the applicant is indebted to the AAA the adjustment clerk will prepare ACP-28 in accordance with the applicable procedure.) Where the Preaudit Office is located in a different city from that in which the State Office is situated, Form C-1110, Supplement A must also be forwarded to the scheduling and voucher unit with the application and other documents.
 - e. Transmit to the State Accountant one signed copy of the memorandum addressed to the Chief of Party.
 - f. Prepare a momorandum in duplicate addressed to the Chief, Control Accounts and Reports Section, AAA, Washington, D. C. advising him that the copy of ACP-25 (describe by code and serial number and name of applicant) previously transmitted should be disregarded, inasmuch as no set-off will be made. The memorandum should also contain information to the effect that the payment due the applicant is being scheduled in the regular manner. The original memorandum shall be forwarded to the Chief of the Control Accounts and Reports Section.
 - g. File (with the copy of the application and other documents) one copy of the memorandum addressed to the Chief of Party, one copy of the memorandum addressed to the Chief of Control Accounts and Reports Section, and the letter from the Comptroller of the AAA.

SCHEDULING AND VOUCHER UNIT

- 2. Upon receipt of the documents from the adjustment clerk, prepare the regular number of continuation sheets, public voucher forms and schedule of disbursements, and Form 1096 where applicable. The regular number of these forms, together with the original application, ACP-25, the memorandum for the Chief of Party, and Form C-1110 Supplement A, if any, will be forwarded to the Preaudit Office. After the case has been reviewed by the Preaudit Office, Form C-1110, Supplement A will be returned to the State Office.
- III. APPLICATION FILED BY ONLY ONE APPLICANT. SAME APPLICANT REQUESTS THAT SET-OFF BE MADE IN FAVOR OF THE UNITED STATES. NO ASSIGNMENT.

A. Use of AAA 372

Form AAA-372 has been provided for use by a producer who wishes to request that all or part of a particular payment be applied against his indebtedness due and unpaid to (1) any department, establishment, or independent agency of the Federal Government, (2) any corporation all the stock of which is owned by the United States, or (3) any bureau or administration of the Department of Agriculture (other than the AAA) including any corporation the affairs of which are administered by or under the supervision of the Secretary of Agriculture.

Form AAA-372 may not be executed in favor of a Federal Land Bank or the Federal Deposit Insurance Corporation because these agencies are only partly owned by the United States. The form is most frequently executed in favor of the CCC, FCA, FSA, and in some instances, the Federal Housing Administration. If forms AAA-372 executed in favor of any other agencies are received, the Washington Office of the Western Division should be advised.

Any form similar to AAA-372 may be accepted if it contains all of the information required on AAA-372. Either the AAA-372 or any similar form must be signed by the producer and a county committeeman, and all of the required information must appear thereon. An account number may also be shown, but this is not required. The producer will have indicated either the percentage share of the payment or the amount of money, representing all or a part of the payment which may be due him, which he wishes to have applied against his indebtedness. The adjustment clerk shall check form AAA-372 and determine that all of the necessary information has been entered. If a similar form is used, it, too, must include all of the information required on AAA-372.

Form AAA-372 or its equivalent must be filed in the county and forwarded to the State Office along with the application to which it refers. Data regarding the indebtedness should not appear on the register. The amount to be set off will be the amount specified on AAA-372 or the amount of payment available for such set-off, whichever amount is smaller.

Where an applicant whose name appears on the register executed a AAA-372 in favor of the agency to whom the register shows him indebted, the AAA-372 shall be disregarded unless there is evidence that it refers to another debt.

There a AAA-372 is executed in favor of an agency within the USDA, the amount due the creditor agency will be scheduled on the continuation sheet and a check for such amount will be drawn.

B. Disposition of AAA-372 where set-off cannot be made.

If the applicant who submits AAA-372 is also listed on the register as indebted to some other agency of the Federal Government, the set-offs shall be made in the order outlined in paragraph D of Section I. Where the amount due a Governmental agency or an assignee having priority over the agency in whose favor AAA-372 is executed is equal to or greater than the payment due the applicant, the request for set-off will be disallowed; and the AAA-372 shall be returned to the county (together with the copies of the application where the regular audit procedure for the program with respect to which the application is filed requires that one or more copies of the application be returned to the county upon approval of the original) with an explanation to the effect that the set-off cannot be made because it is necessary to apply the entire amount designated by the producer against his indebtedness to another agency or against the amount assigned and remaining unpaid.

In each instance where a set-off is made because of the producer's request, a properly executed AAA-372 must have been received in the State Office prior to the time when the application is originally certified for payment.

C. Form AAA-372 executed in favor of the CCC, FCA, FSA, or other USDA agency except the AAA.

Where the applicant requests that a set-off be made in favor of an agency (other than the AAA) within the USDA, the set-off shall be made in accordance with paragraph I of Section II, except that --

- 1. The explanatory statement on the application shall read "SET_OFF FOR CCC __ AAA_372 ATTACHED", "SET_OFF FOR FCA__AAA_372 ATTACHED", SET_OFF FOR FSA __ AAA_372 ATTACHED", etc. The amount of indebtedness shall be the amount specified on AAA_372 or the payment computed under the application multiplied by the percentage specified on AAA_372.
- 2. Form AAA-372 shall be forwarded to the Preaudit Office with the application
- D. Form AAA-372 executed in favor of an agency outside the USDA.

If a producer who files AAA-372 requests that a set-off be made in favor of an agency outside the USDA, the adjustment clerk will prepare and distribute ACP-25 in accordance with the procedure in Section II paragraph K. Entries on the application will also be made in the manner prescribed in paragraph K.

Form AAA-372 must be attached securely to the original application before the documents are sent to the Certifying Officer for his signature on ACP-25 and transmitted to the Preaudit Office.

IV. APPLICATION FILED BY ONLY ONE APPLICANT. SAME APPLICANT INDEBTED. UNPAID ASSIGNMENT REPORTED ON APPLICATION.

The procedure set forth in this Section IV is applicable to only those programs with respect to which payments may be assigned.

Upon receipt of an application on which an unpaid assignment is reported, the adjustment clerk will determine, from the order of priority in Section I, whether the assignment or the indebtedness is to be deducted first. The set-off shall be made in accordance with the applicable paragraph below.

A. Single-farm or a range application -- set-off takes priority over assignment.

Since the order of priority provides that a request for set-off is the only type of debt over which an assignment may take priority, either the debt or the set-off (but not both) will have been reported on a single-farm or range application. Accordingly, the procedure in this paragraph is applicable where an assignment is reported on an application filed by an applicant whose name appears on the register.

- 1. Applicant indebted to AAA, CCC, or other USDA agency.
 - a. Entries on application for payment.

Enter in accordance with the applicable paragraph of Section II, the amount of indebtedness, the explanatory statement, and the amount to be set off.

Then determine and enter the amount due the assignee. This amount shall be the smaller of (1) the amount assigned remaining unpaid, or (2) the amount of the "payment less association expenses" minus the amount of the set-off.

Also determine and enter the amount due the applicant. This amount shall be the result obtained by subtracting both the assignment and the set-off from the "payment less association expenses".

If it is necessary to enter a notation (such as that described in Section II, paragraph A, 2, b) on the application because lines for deductions are not provided, the third line of such notation should read "Payment less set-off \$____."

b. Preparation of ACP-28 or ACP-30.

Prepare the applicable form in accordance with the applicable

paragraph of Section II.

c. Preparation of Continuation Sheet.

Prepare the continuation sheet in accordance with the applicable paragraph of Section II, and in addition, schedule the payment due the assignee as follows:

Enter the application serial number in column (a). If the assignee is not an agency of the Federal Government, enter such assignee's name, the word "Assignee", and the assignee's address in column (b). If the assignee is an agency of the Federal Government, enter "Treas. U. S., c/o" and the name and address of the agency involved (but do not enter the word "Assignee") in column (b). Enter the applicant's name in the column headed Name of Assignor. In the Amount or Payment column enter the amount computed for the assignee and entered on the appropriate line of the application.

If the applicant has executed as assignment in favor of himself and the Farm Security Administration jointly, schedule the payment in column (b) for "Farm Security Administration and _____, assignee" (showing the name of the applicant in the blank space) at the address shown on the application. Enter the name of the applicant in the Name of Assignor column and the amount due the assignee in the Payment column.

d. Preparation of Public Voucher.

Prepare the public voucher in accordance with the applicable paragraph of Section II, with the following exceptions:

- (1) In determining the number of payees to be entered following "et al" each applicant shall be considered as one payee; each assignee shall be considered as one payee, each set-off scheduled for an agency other than the AAA shall be considered as one payee, and all set-offs for the AAA scheduled on all forms 1096 shall be considered as one payee.
- (2) In the notation to be entered beneath the printed certification the amount on the line "Payees ... \$ " shall represent the sum of all payments to the applicants, assignees, and set-offs for agencies other than the AAA. The amount on the line "Forms 1096 ... \$ " shall be the total of all set-offs scheduled for the AAA on all forms 1096.
- 2. Applicant indebted to an agency of the Federal Government outside the USDA.

Where the register shows that an applicant who assigned all or a

part of his payment is indebted to an agency outside the USDA, the case shall be handled as follows:

a. Entries on application for payment.

Enter an explanatory statement ("SET-OFF FOR _____," showing the name of the agency), the amount of indebtedness, and the amount to be set off. Also determine and enter the amount due the assignee and the amount due the applicant. In addition, enter in a conspicuous place the notation "See ACP-25 Bureau voucher No. and attached AD-42".

b. Preparation of ACP-25.

Prepare ACP-25 in accordance with paragraph K of Section II but enter in column (3) the amount of the payment less association expenses.

c. Preparation of AD-42.

Prepare AD-42 in octuple as follows:

- (1) The date shall not be entered.
- (2) Enter the name and address of the applicant in the space following "account of".
- (3) After the dollar sign enter the amount of payment less association expenses computed for the applicant. This amount must agree with that entered in column (3) of ACP-25.
- (4) After "chargeable" enter the symbol and title of the appropriation against which the payment under the application is to be charged. Such appropriation symbol and title must agree with that entered on ACP-25 in place of the one printed on the form.
- (5) Where the set-off is equal to the indebtedness, the payment for the assignee is equal to the amount assigned remaining unpaid, and part of the payment is left for the applicant, the administrative report on AD-42 must include the following statements:
 - (a) Enter the paragraph quoted below as the first paragraph of the statement:

"According to the records of the State Office,
Western Division and the office of the Comptroller,
Agricultural Adjustment Administration,
, county, State of
is indebted to within the scope of
the revised order of the Secretary respecting set-offs

dated March 5, 1938. Pursuant to the revised order the payment certified on the attached voucher may be

set off against this debt in the amount of \$

(the principal debt with interest to

	Enter the following information in the blank spaces of the above paragraph:
	First blank — name of your State. Second blank — name of the indebted applicant. Third blank — street number and town in which indebted applicant resides (or route number and post office)
	Fourth blank county in which indebted applicant resides.
	Fifth blank — state in which indebted applicant resides. Sixth blank — name of governmental agency outside USDA to whom applicant is indebted. Seventh blank — amount of indebtedness shown on Register. When the payment less associ-
	ation expenses is equal to or in excess of the indebtedness, the amount in the seventh blank must agree with the amount of the set-off shown on the application.
	Eighth blank — enter the date on which AAA-371 or AAA-396 was prepared. If you were notified of the debt by the Comptroller, leave space for the date.
(b)	The second paragraph of the statement shall read as follows:
	"After the set-off is made it is requested that \$ be paid to
	Enter the following information in the blank spaces of the above paragraph:
	First blank — amount entered on the application as the payment for the assignee. Second blank — name of assignee. Third blank — address of assignee.
.(c)	The third paragraph of the statement shall read as follows:
	"The balance of \$ should be paid to in

accordance with procedure approved by the Acting Comptroller
General under date of March 1, 1937 (A-51623); provided, however,
that in the event it is found from the administrative report
furnished to the General Accounting Office by the
that has liquidated any part of said indebtedness
of \$, the amount allowable for set-off shall not
exceed the balance of the principal amount owed by the
claimant plus interest charges thereon to , the date
under which information was reported to the Agricultural
Adjustment Administration on account of which set-off in this
case is allowed, and the amount to be paid to the claimant
shall be increased accordingly."

Enter the following information in the blank spaces of the above paragraph:

First blank -- amount entered on the application as the actual payment for the applicant.

Second blank -- name of applicant.

Third blank — name of governmental agency to whom applicant is indebted.

Fourth blank -- name of applicant

Fifth blank -- amount of indebtedness shown on Register.

This amount must agree with the amount of indebtedness as entered in the first paragraph.

Sixth blank -- enter the data on which AAA-371 or AAA-396 was prepared. If you were notified of the debt by the Comptroller, leave space for the date.

- (6) Where the set-off is equal to the indebtedness, the payment for the assignee is equal to the amount assigned remaining unpaid, but no payment is left for the applicant, the administrative report on AD-42 must include the following statements:
 - (a) The first paragraph as quoted in (5), (a) above.
 - (b) The second paragraph as quoted in (5), (b) above.
 - (c) The third paragraph shall read as follows:

result of the liquidation of any part of the indebtedness should be paid to _______ in accordance with procedure approved by the Acting Comptroller General under date of March 1, 1937 (A-51623)."

Enter the following information in the blank spaces of the above paragraph:

First blank — name of governmental agency to whom applicant is indebted.

Second blank -- name of applicant.

Third blank — amount of indebtedness shown on Register.

This amount must agree with the amount of the set—off as shown on the application.

Fourth blank — enter the date on which AAA-371 or AAA-396

Fourth blank — enter the date on which AAA-371 or AAA-396
was prepared. If you were notified of the debt
by the Comptroller, leave space for the date.
Fifth blank — name of applicant.

- (7) Where the set-off is equal to the indebtedness, but the amount left for the assignee is less than the amount assigned reamining unpaid and no payment is left for the applicant, the administrative report on AD-42 must include the following statements:
 - (a) The first paragraph as quoted in (5), (a) above.
 - (b) The second paragraph shall read as follows:

"After the set-off is made it is requested that \$ be paid to _____ of ____, assignee; unless it is found from the administrative report furnished to the General Accounting Office by the _____, that liquidated any part of said indebtedness of \$ which event the amount allowable for set-off shall not exceed the balance of the principal amount owed by the claimant plus interest charges thereon to ______, the date under which information was reported to the Agri. Adj. Adm. on account of which set-off in this case is allowed, and the payment for the assignee shall be increased accordingly. The payment to the assignee shall not, however, exceed . If any amount remains after the set-off and the full amount due the assignee have been deducted, such amount should be paid to in accordance with procedure approved by the Acting Comptroller General under date of March 1, 1937 (A-51623)."

Enter the following information in the blank spaces of the above paragraph:

First blank -- amount entered on the application as the payment for the assignee.

Second blank -- name of assignee.

Third blank -- address of assignee.

Fourth blank -- name of governmental agency outside USDA to whom applicant is indebted.

Fifth blank - name of applicant

Sixth blank -- amount of indebtedness shown on Register.

This amount must agree with the amount of the set-off shown on the second line of the notation entered on the application.

Seventh blank -- enter the date on which the AAA-371 or AAA-396 was prepared. If you were notified of the debt by the Comptroller, leave space for the date.

Eighth blank -- amount assigned remaining unpaid. This amount will appear in the proper place on the application (line 35 of WR-211, line 47 of WR-213, line 9 of WR-219).

Ninth blank -- name of applicant.

- (8) Where the set-off is equal to the indebtedness, and no payment is left for the assignee and the applicant, the administrative report on AD-42 must include the following statements:
 - (a) The first paragraph as quoted in (5), (a) above.
 - (b) The second paragraph shall read as follows:

"No payment will be made to the assignee or the claimant unless it is found from the administrative report furnished to the General Accounting Office by the has liquidated any part of said indebtedness , in which event the amount allowable for set-off shall not exceed the balance of the principal amount owed by the claimant plus interest charges thereon , the date under which information was reported to the Agricultural Adjustment Administration on account of which set-off in this case is allowed. If, because of the liquidation of any part of the indebtedness, a balance of the payment not in excess of \$\frac{1}{2}\$ remains after the set-off is made, such balance should be paid to of , assignee, however, if an amount in excess of \$ remains after the set-off is made. \$ should be paid to the assignee and the balance should be paid to in accordance with procedure approved by the Acting Comptroller General under date of March 1, 1937 (A-51623)."

Enter the following information in the blank spaces of the above paragraph:

First blank — name of governmental agency to whom applicant is indebted.

Second blank — name of applicant.

Third blank — amount of indebtedness shown on Register.

This amount must agree with the amount of the set-off as shown on the application.

Fourth blank — enter the date on which the AAA-371 or AAA-396 was prepared. If notice of the debt was received on C-1110 Supplement A, make no entry, but leave space sufficient for the date.

Fifth blank — amount assigned remaining unpaid. This amount will appear in the proper place on the application.

Sixth blank — name of assignee.

Seventh blank — address of assignee.

Eighth blank — amount assigned remaining unpaid.

Ninth blank — amount assigned remaining unpaid.

Tenth blank — name of applicant.

- (9) Where the set-off is less than the indebtedness, and no payment is left for the assignee and the applicant, the administrative report on AD-42 must include the following statements:
 - (a) The first paragraph as quoted in (5), (a) above.
 - (b) The second paragraph shall read as follows:

"In the event it is found from the administrative report
furnished to the General Accounting Office by the ,
that has liquidated any part of said indebtedness
of \$, all or as much of the payment as necessary
shall be applied against the amount allowable for set-off
which amount shall not exceed the balance of the principal
amount owed by the claimant plus interest charges thereon
to, the date under which information was reported
to the Agricultural Adjustment Administration on account of
which set-off in this case is allowed. If, because of the
liquidation of any part of the indebtedness, a balance of
the payment not in excess of \$ remains after the set-
off is made, such balance should be paid to of
, assignee: however, if an amount in excess of
\$ remains after the set-off is made, \$
should be paid to the assignee and the balance should be
paid to in accordance with procedure approved by
the Acting Comptroller General under date of March 1, 1937
(A-51623)."

Enter the following information in the blank spaces of the above paragraph:

First blank — name of governmental agency to whom applicant is indebted.

Second blank -- name of applicant.

Third blank -- amount of indebtedness shown on Register.

This amount will not be the same as the amount of the set-off.

Fourth blank -- enter the date on which the AAA-37l or AAA-396 was prepared. If you were notified of the debt by the Comptroller, leave space for the date.

Fifth blank — amount assigned remaining unpaid. This amount will appear in the proper place on the application.

Sixth blank -- name of assignee. Seventh blank -- address of assignee.

Eight blank -- amount assigned remaining unpaid.

Ninth blank -- amount assigned remaining unpaid.

Tenth blank - name of applicant.

- (10) Enter the name and address of the Certifying Officer on the first copy of AD-42, and on the third copy enter the notation "Return to the Office of the Comptroller, AAA."
- d. Distribution of forms.

Distribute the application, ACP-25, and AD-42 in accordance with paragraph L of Section II.

- B. Single-farm or range application -- Applicant indebted to USDA agency and to agency of the Federal Government outside the USDA.
 - 1. Where the amount due the USDA agency is equal to or greater than the payment, follow the procedure in Section II, paragraph A, B, C, D, E, F, G, H, I, or J. Disregard the indebtedness to the agency outside the USDA. Enter an "O" on the line provided on the application for the payment to the assignee, and do not schedule a payment for the assignee on the continuation sheet. Also enter an "O" on the line provided on the application for the payment to the applicant.
 - 2. Where the sum of the amounts due the USDA agency and the agency outside the USDA is equal to or greater than the payment, follow the procedure in Section II, paragraph L; and, in addition, include in the statement on AD-42, the paragraph quoted in paragraph A, 2, c, (8) of this Section IV.

Enter on the application the amount of indebtedness due the agency outside the USDA, an explanatory statement regarding such indebtedness, and the amount to be set off. Also enter an "O" on the line provided for the payment to the assignee and on the line provided for the payment to the applicant. Data regarding the debt owing to the USDA agency shall be entered on the application in accordance with paragraph L of Section II.

- 3. Where the payment due under the application is sufficient to cover the amount owing to the USDA agency, the amount owing to the agency outside the USDA, and all or part of the amount due the assignee, but nothing remains for the applicant, follow the procedure in Section II, paragraph L; and, in addition, include in the statement on AD-42 the paragraph quoted in either subparagraph (6) or (7) depending upon whether the assignee can be paid in full of paragraph A, 2, c, of this Section IV. Since two set-offs are involved, it will be necessary to change some words in the quoted paragraph from singular to plural form. Enter on the application the amount of each debt, the explanatory statements, the amounts to be set off, and the amount due the assignee. Enter an "O" on the line provided for the payment to the applicant.
- 4. Where the payment due under the application is sufficient to cover the amounts owing to the USDA agency, the amount owing to the agency outside the USDA, and the amount assigned remaining unpaid, follow the procedure in Section II, paragraph L; and, in addition, include in the statement on AD-42 the paragraph quoted in either subparagraph (5) or (6) depending upon whether an amount remains for the applicant of paragraph A, 2, c, of this Section IV. Since two pet-offs are involved, it will be necessary to change some words in the quoted paragraph from singular to plural form.

Enter on the application, the amount of each debt, the explanatory statements, the amount to be set off, the amount due the assignee, and the amount due the applicant.

C. Multiple-farm application.

1. General.

Deductions for amounts due the United States and amounts due assignees shall be made in accordance with the order of priority established in Section I, paragraph D.

If the applicant has executed AAA-372 and one or more assignments, both the AAA-372 and the assignments shall be recognized and paid, if the amount due under the application is equal to or greater than the sum of the amount/s assigned and the amount specified on AAA-372. If all assignments reported on the application were filed in the county office prior to the filing of the AAA-372, the amounts due all assignees shall be deducted from the payment before the amount specified on AAA-372 is deducted. Likewise, if the AAA-372 was filed in the county prior to the filing of any of the assignments, the amount specified on AAA-372 shall be deducted from the payment before the amount due any assignee is determined. In the event that one or more assignments were filed in the county before the AAA-372 was filed, but other assignments were filed in the county subsequent to the filing of the AAA-372, deductions shall be made as follows: (1) amounts due all assignees whose assignments were filed prior to the AAA-372, (2) amount specified on AAA-372, (3) amounts due all assignees whose assignments

were filed subsequent to the AAA-372.

Where both a AAA-372 and one or more assignments are reported on a multiple-farm application, the county office must indicate the order in which the forms were filed. If this information does not appear on the application at the time it is forwarded to the adjustment clerk, it will be necessary to request the information before computing the payments (unless the amount of the "payment less association expenses" computed on the application is equal to or greater than the sum of all debts recorded against the applicant on the register, the amounts due all assignees, and the amount specified on AAA-372, in which event all debts and assignments can be paid in full and it makes no difference whether the assignment or the AAA-372 debt is deducted first.).

2. Entries on the application for payment.

The payment earned (the entry on line 3, column (c) of WR-312) should have been entered on the application before it was forwarded to the adjustment clerk who shall determine and enter the amount/s to be set-off, the amount/s due the assignee/s, and the amount due the applicant. All deductions shall be made in accordance with the order of priority in Section I and the balance of the payment, if any, shall be approved for the applicant.

Amount/s to be set off, amount/s due assignee/s, and the payment for the applicant shall be determined and entered on WR-312 in the following manner:

- a. If one or more debts are recorded against the applicant on the register, enter on line 4, column (b), the amount of the debt which, according to Section I, paragraph D, takes priority. Beneath columns (d) to (h) enter on line 4 the explanatory statement described in the applicable paragraph of Section II. Opposite line 4 in column (i) enter the amount on line 4, column (b) or that on line 3, column (c), whichever is smaller.
 - (1) If a 1939 grant of aid was made in connection with any of the farms reported on WR-312, data regarding such grant should be reported on line 4. The amount of the grant should be entered in column (b), the notation "1939 grant of aid" should be entered beneath columns (d) to (h), and the amount to be deducted (the smaller of the entries on line 4, (b) or line 3, (c)) in column (i). Other items of indebtedness shall be entered in accordance with the procedure established in this paragraph a or paragraph b but on the next succeeding lines.
- b. If an amount remains after computing the set-off in accordance with paragraph a above, and one or more other debts are recorded against the applicant on the register, enter on line 5, column (b), the amount of the debt which is next in the order of priority established in Section I, paragraph D. Also enter on line 5

beneath columns (d) to (h) the explanatory statement described in the applicable paragraph of Section II. Opposite line 5 in column (i) enter the amount to be set off, which is the snaller of the amount on line 5, column (b) or the amount on line 3, column (c), minus the sum of all deductions having priority. Repeat this procedure until all debts listed on the register (not AAA-372 debts or assignments) have been entered on the following lines and deductions therefor computed or until the payment on line 3, column (c) is exhausted.

- (1) If the entire amount shown on line 3, column (c) is to be used in making the set-offs for debts recorded on the register, enter an "O" in column (i) opposite the name of each assignee, opposite any notation regarding a AAA-372, and on line 7.
- c. If the sum of all deductions determined in accordance with paragraphs a and b above is less than the entry on line 3, column (c) and no assignment or AAA-372 indebtedness is reported, enter on line 7, column (i) the result determined by subtracting the sum of all such deductions from the entry on line 3, column (c).
- d. If the sum of all deductions determined in accordance with paragraphs a and b above is less than the entry on line 3, column (c) and one or more assignments, but no AAA-372, are reported,—
 - (1) Enter in column (d) on each line on which an assignment is reported, the result determined by multiplying the entry in column (c) on such line by the percentage determined by subtracting the association expense rate on line 3 from 100 percent.
 - (2) Enter in column (f) the smaller of columns (d) and (e).
 - (3) Enter on line 1, column (f) the total of the entries in column (f).
 - (4) Enter below column (f) on line 2 the remainder determined by subtracting the sum of all amounts in column (i), from the entry on line 3, column (c).
 - (5) If the entry on line 1, column (f) is equal to or less than the entry on line 2 under column (f), transfer the entries in column (f) [except the entry on line 1] to column (i) on the same lines.
 - (6) If the entry on line 1, column (f) is greater than the entry on line 2 under column (f), divide the entry on line 2 under column (f) by the entry on line 1, column (f) and enter the resulting factor (carried to four decimal places) in the heading of column (i).

- (a) Obtain the entries for column (i) for all assignments by multiplying the entries in column (f) by the factor in the heading of column (i). The sum of the amounts thus prorated to the assignees must equal the entry on line 2 under column (f), and any adjustment because of the rule of fractions shall be made in the last entry determined.
- (7) Enter on line 7, column (i) the remainder determined by subtracting the sum of the entries in column (i) from the entry on line 3, column (c). If the result is a zero enter an "O".
- e. If the sum of all deductions determined in accordance with paragraphs a and b above is less than the entry on line 3, column (c) and no assignments are reported but a AAA-372 is reported, enter the amount of the debt on the applicable line in column (b). This amount shall be either (l) the amount specified on AAA-372 or the result determined by multiplying the entry on line 3, column (c) by the percentage specified on AAA-372. The proper explanatory statement, as described in Section III, should be entered on the same line beneath columns (d) to (h). Enter in column (i) the smaller of the amount on the same line in column (b) or the result determined by subtracting the sum of all other deductions from the entry on line 3, column (c).

Enter on line 7, column (i) the remainder determined by subtracting the sum of all entries in column (i) from the entry on line 3, column (c). If the result is zero enter an "O".

- f. If the sum of all deductions determined in accordance with paragraphs a and b above is less than the entry on line 3, column (c) and both a AAA-372 and assignment/s are reported, enter the amount of the AAA 372 debt in the applicable line (in accordance with paragraph e above) and determine which form was filed in the county office first. Then proceed as follows:
 - (1) If all assignments were filed before the AAA-372, determine and enter the payment/s for the assignee/s in accordance with paragraph d above. Enter in column (i) on the line on which the AAA-372 debt is recorded the smaller of (1) the amount on the same line in column (b) or (2) the result determined by subtracting the sum of all entries in column (i) from that on line 3, column (c). If the result is zero enter on "O". Then enter on line 7, column (i) the result determined by subtracting all entries in column (i) from that on line 3, column (c).
 - (2) If the AAA-372 was filed prior to the filing of any of the assignments, determine and enter the amount to be set off in accordance with paragraph e above. Then determine the payment for each assignee and the applicant in accordance with paragraph d above.

- (3) If one or more assignments were filed prior to the filing of AAA-372 and one or more assignments filed after the AAA-372 --
 - (a) Determine the payment/s for each assignee whose assignment was filed prior to the AAA-372 as follows:

Enter in column (d) on the same line with each such assignee's name the result determined by multiplying the entry in column (c) on such line by the percentage determined by subtracting the association expense rate on line 3 from 100%.

Enter on the same line in column (f) the smaller of columns (d) and (e).

Enter on line 1, column (f) the sum of all entries in the column.

Enter on line 2, column (f) the result determined by subtracting the sum of all amounts in column (i) from the entry on line 3, column (c).

If the entry on line 1, column (f) is equal to or less than the entry on line 2, column (f), transfer all entries in column (f) -- except that on line 1 -- to the same line in column (i).

If the entry on line 1, column (f) is greater than the entry on line 2, column (f), divide the entry on line 2, column (f) by that on line 1, column (f) and enter the resulting factor (carried to four decimal places) in the heading of column (i). Obtain the entry in column (i) for each assignee whose assignment was filed prior to the AAA-372 by multiplying the entry on the same line in column (f) by the factor in the heading of column (i). The sum of the amounts for the assignees in column (i) must equal the entry on line 2, column (f).

- (b) Enter in column (i) on the line on which the AAA-372 debt is reported the smaller of (1) the entry on the same line in column (b) or (2) the result determined by subtracting the sum of all amounts in column (i) from that on line 3, column (c). If the result is zero, enter an "0" in column (i), and enter an "0" in column (i) opposite the name of any assignee whose assignment was filed after the AAA-372, and on line 7.
- (c) If an amount remains after deducting the AAA-372 debt, determine the amount due each assignee whose assignment was filed after the AAA-372 as follows:

Enter in column (d) on the same line with each such assignee's

name the result determined by multiplying the entry in column (c) on such line by the percentage determined by subtracting the association expense rate on line 3 from 100%.

Enter on the same line in column (f) the smaller of the amounts on the same line in columns (d) and (e). Encircle each such entry in column (f).

Enter beside the other total in column (f) the sum of the encircled entries. Encircle this total in column (f).

Enter on line 2 under column (g) the result determined by subtracting the sum of all amounts in column (i) from that on line 3, column (c). Encircle this entry.

If the encircled total on line 1, column (f) is equal to or less than the encircled entry on line 2, column (g), transfer all encircled entries in column (f) -- except that on line 1 -- to the same line in column (i).

If the encircled total on line 1, column (f) is greater than the encircled entry on line 2, column (g), divide the encircled entry on line 2 by that on line 1 and enter the resulting factor (carried to four decimal places) in the heading of column (i). Obtain the entry in column (i) for each assignee whose assignment was filed after the AAA-372 by multiplying the encircled entry on the same line in column (f) by the factor in the heading of column (i). The sum of the payments computed for such assignees must equal the encircled entry on line 2, column (g).

- (d) Enter on line 7, column (i) the result determined by subtracting the sum of all amounts in column (i) from that on line 3, column (c).
- 3. Preparation and distribution of other forms.
 - a. Applicant indebted to a USDA agency.

Prepare and distribute ACP-28, ACP-30, the continuation sheet, public voucher, schedule of disbursements, or form 1096 in accordance with the applicable paragraph of Section II. In addition, schedule the payment for each assignee in accordance with paragraph A of this Section IV. Also determine the number of payees and the amount to be entered on the public voucher, as the total amount due the payees, in accordance with paragraph A of this Section IV.

b. Applicant indebted to an agency outside the USDA.

Prepare ACP-25 in accordance with paragraph K of Section II but enter in column (3) the payment less association expenses (line 3, column (c) of VR-312).

Prepare and distribute AD-42 in accordance with paragraph A of this Section IV, but where necessary, change the statement to fit the situation. Where more than one assignment is reported on the multiplefarm application, the administrative report shall contain statements showing the amount due each assignee and requesting that each such amount be paid after the proper set-offs are made. If a AAA-372 set-off is to be made and there are assignments having priority over such set-off, the administrative report must include a request that certain assignees (their names, addresses, and the amounts must be shown) be paid before the amount due the governmental agency in whose favor AAA-372 was executed is paid because of the fact that the assignments were filed first and, therefore, take priority under the revised Order of the Secretary respecting set-offs dated March 5, 1938. Likewise, if an amount specified on AAA-372 is to be deducted before the amount due an assignee, the administrative report shall contain a request to that effect.

The following examples show the method of adapting the procedure in paragraph A of this Section IV to fit the situations described below. Similar adaptations will be made when other situations are involved.

- (1) In the event that the indebtedness listed on the register is less than the payment due under the application, but two assignments are reported and the amount computed for each assignee is less than the amount assigned and no payment is left for the applicant, the administrative report on AD-42 must include the following statements:
 - (a) The first paragraph as quoted in paragraph Λ , 2, c, (5), (a) of this Section IV.
 - (b) The second paragraph of AD-42 shall read as follows: (adapted from paragraph Λ, 2, c, (7), (b) of this Section IV).

"After the set-off is made it is requested that \$ be paid to of, assignee and that \$
, assignee and that \$
be paid to, of, assignee; unless it is found
from the administrative report furnished to the General
Accounting Office by the . that has liquidated
any part of said indebtedness of \$, in which event
the amount allowable for set-off shall not exceed the balance
of the principal amount owed by the claimant plus interest
charges thereon to , the date under which information
was reported to the Agricultural Adjustment Administration
on account of which set-off in this case is allowed, and
the payments to the assignees shall be increased accord-
ingly the payment to each assignee being the same per-
centage of the amount allowable for payment of the assign-
ment that the 'payment less set-off' is of the total of all
amounts allowable for payment of all assignments. However,
the payment to, assignee, shall not exceed \$,

and the payment for ______, assignee, shall not exceed \$ _____. If any amount remains after the set-off and the full amounts due the assignees have been deducted, such amount should be paid to ______ in accordance with procedure approved by the Acting Comptroller General under date of March 1, 1937, (A-51623)."

Enter the following information in the blank spaces of the above paragraphs:

First blank — amount entered on the application as the amount due the first assignee listed.

Second blank -- name of first assignee listed.
Third blank -- address of first assignee listed.

Fourth blank --- amount entered on the application as the amount due the second assignee listed.

Fifth blank -- name of second assignee listed.

Sixth blank -- address of second assignee listed.

Seventh blank -- name of governmental agency outside USDA to whom applicant is indebted.

Eighth blank -- name of applicant.

Ninth blank -- amount of indebtedness shown on Register.

This amount must agree with the amount of the set-off shown on the second line of the notation entered on the application.

Tenth blank -- enter the date on which the AAA-37l or AAA-396 was prepared. If you were notified of the debt by the Comptroller, leave space for the date.

Eleventh blank — name of first assignee listed.

Twelfth blank — amount of application which represents the most which can be paid to the first assignee listed (the entry in column (f) of Section III, WR-312 on the same line with the assignee's name).

Thirteenth blank — name of second assignee listed.

Fourteenth blank — amount on application which represents the most which can be paid to the second assignee listed.

Fifteenth blank - name of applicant.

Where more than two assignments are reported on the application, all such assignments will be included in the paragraph quoted above.

(2) If a set-off is being made for an agency outside the USDA at the applicant's request on AAA-372 and there are two assignments which take priority over the set-off and two which do not take priority over the set off, and a payment for the applicant, the statement on AD-42 shall read as follows with the proper information entered in the blank spaces:

"According to the records of the State Office, Western Division, Agricultural Adjustment Administration, of has requested, as evidenced by the attached form AAA-372, Producer's Request for Set-Off, that \$ of the funds due him under be applied against his indebtedness to the Therefore, the case is being forwarded to you for settlement.
"It is requested, however, that first of all \$ of the above amount claimed be paid to, assignee, and that \$ of the above amount claimed be paid to, assignee, both of which assignments are not subject to set—off because of the fact that they were filed in the county office prior to the filing of the AAA-372 and such assignments, therefore, take priority in accordance with the revised Order of the Secretary respecting set—offs dated March 5, 1938.
"Thereafter, \$ of the proceeds of the payment certified on the attached voucher should be used in liquidation of the claimant' indebtedness to pursuant to his request. After that is done, it is requested that \$ of the above amount claimed be paid to of assignee and that \$ of the above amount claimed be paid to of assignee, both of whose assignments are subject to the set-off because they were filed in the county office after the AAA-372. "The balance of \$ should be paid to in accordance with procedure approved by the Acting Comptroller General under date of December 30, 1937 (A-51623)."

c. Applicant indebted to a USDA agency and to an agency outside the USDA.

Prepare and distribute ACP-25 and AD-42 in accordance with paragraph L of Section II but include in the administrative report the proper requests regarding the amount to be paid to each person and the order in which such amounts should be deducted.

V. APPLICATION FILED BY TWO OR MORE PERSONS --- ONE OR MORE INDEBTED AND OTHERS NOT INDEBTED. NO ASSIGNMENT EXECUTED BY INDEBTED APPLICANT.

The procedure in this section shall be followed when an application is filed by two or more applicants some of whom are indebted and others are not indebted. (If the indebted applicant has also assigned all or a part of his payment, refer to Section VI.) In the event that it is shown on the application that all or a part of the payment is to be paid to two or more persons jointly and one of such persons is indebted, it will be necessary to obtain a statement, signed by all of the persons entitled to share in the joint payment, setting forth the manner in which the payment is to be divided among them; and thereafter a set-off shall be made, in accordance with the procedure established in this section V, against that part of the payment due the debtor. In each such instance the original statement regarding the division of payment must be attached to and forwarded to

the Preaudit office with the original application. A copy will be filed with the State office copy of the application.

- A. Applicant/s indebted to a USDA agency but not to an agency outside of the USDA.
 - 1. Payment for each applicant who is not indebted shall be determined and entered on the application in the regular manner. Any amount assigned by an applicant who is not indebted shall also be computed for payment to the assignee and entered on the application in the regular manner.
 - 2. Prepare all documents necessary for the set-off, and enter the proper notation on the application in accordance with the applicable paragraph of Section II or Section III.
 - a. If the debtor was to have received a joint payment with another person who is not indebted, enter in a conspicuous place on the application, or on another sheet attached to the application, a notation showing the actual payment to be made to each person individually. Such payment shall be determined by multiplying the payment less association expenses due all such persons jointly by the percentage indicated on the statement signed by all such persons showing the extent to which each was to have shared in the joint check. Beneath the payment determined for the debtor enter either the amount being set-off in favor of the AAA and the program in connection with which the indebtedness arose or the amount being set-off in favor of the other USDA agency, together with the actual payment, if any, for such debtor.

SCHEDULING AND VOUCHER UNIT

3. Prepare the proper Continuation Sheet, Public Voucher, Schedule of Disbursements, and Standard form 1096 in accordance with the applicable paragraph of Section II or Section III. Payment for each applicant not indebted and payment of an assignment made by each applicant who is not indebted shall be scheduled in accordance with existing procedure.

ADJUSTMENT CLERK

- B. Applicant/s indebted to an agency outside of the USDA but not to any administration or bureau within the USDA.
 - 1. Payment for each applicant who is not indebted shall be determined and entered on the application in the regular manner. Any amount assigned by an applicant who is not indebted shall also be computed for payment to the assignee and entered on the application in the regular manner.
 - 2. Prepare all documents necessary for the set-off, and enter the proper notation on the application in accordance with paragraph K of Section II or paragraph D of Section III, with the following exceptions:

a. If the debtor was to have received a joint payment with another person who is not indebted, enter in a conspicuous place on the application, or on another sheet attached to the application, a notation showing the actual payment to be made to each person individually. Such payment shall be determined by multiplying the payment less association expenses due all such persons jointly by the percentage indicated on the statement signed by all such persons showing the extent to which each was to have shared in the joint check.

b. Preparation of ACP-25

- (1) The bureau voucher number of ACP-25 shall be the next in order in the new series established for the program in question. (If two or more of the applicants are indebted outside the USDA prepare a separate ACP-25 for each. The bureau voucher numbers shall run consecutively in numerical order regardless of the fact that only one application for payment is involved)
- Where a gross payment is not computed on the application for each applicant individually, determine the entry for column (1) of ACP-25 by multiplying the entire gross payment due all applicants by the percentage share of the payment to which the debtor is entitled. Likewise, the amount deducted for association expenses shall be determined by multiplying the total deduction for association expenses under the application by the percentage share of the payment to which the debtor is entitled. For example, if the debtor filed a sugar application, SB-310, which is also signed by other producers who are not indebted, determine the entry for column (1) of ACP-25 by multiplying the entry on line 16 of SB-310 by the percentage share of the payment entered in column 3 of Section V on the same line with the debtor's name; also determine the amount to be entered in column (2) of ACP-25 by multiplying the amount representing the difference between the entries on lines 16 and 17 of SB-310 by the same percentage.
- c. Preparation of ACP-26, "Receipt in Lieu of Form _____, Application for Payment and Related Documents, Agricultural Conservation Program".

Prepare ACP-26 in triplicate in the following manner:

- (1) Make no entries in the spaces following "DO Voucher No." and "Bureau Voucher No."
- (2) On the line beneath the Bureau Voucher number enter the State and county code and application serial number of the application for payment.
- (3) In the blank space following the words "Receipt in Lieu of Form" write the Form number of the application for payment

involved. If the application against which the set-off is being made is not a conservation application, delete "Agricultural Conservation" from the title of the form and enter the name of the applicable program.

- (4) On the line above the word "(Station)" enter the name of the city and State where the Preaudit office is located.
- (5) On the line above the words "(Name of debtor-payee)" write the name of the indebted applicant. (If more than one applicant is indebted enter the name of each.)
- (6) If the application against which the set-off is being made is not a conservation application, delete "Agricultural Conservation" from the first paragraph.
- (7) Following the dollar sign enter the payment computed for the applicant whose name was entered on the line above. If more than one applicant is indebted, enter immediately after the \$ sign the amount due the first person listed, followed by the amount due the second person named, etc.
- (8) Enter on the lines below the printed paragraph the names of the other applicants who are not indebted and the net amount due each. If any of such applicants have executed assignments, also enter the name of each assignee and the amount due.
- d. Preparation of Form ACP-27, "Facing Sheet, for Form Application for Payment and Related Documents, Agricultural Conservation Program."

Prepare Form ACP-27 in triplicate as follows:

- (1) Make no entries in the spaces following "D. O. Voucher No." and "Bureau Voucher No."
- (2) After the words "Facing Sheet for Form" enter the form number of the application involved. If the application against which the set-off is being made is not a conservation application, 'delete "Agricultural Conservation" from the title of the form and enter the name of the applicable program.
- (3) The "Symbol No." to be entered in the space provided shall be the symbol number furnished by the Regional Disbursing Office.
- (4) On the line above the words "(Location of Station)" enter the city and State in which the Regional Disbursing Office is located, and above the words "(Month and year of account)" enter the month and year when it is presumed that action will be taken by the Disbursing Office.
- (5) On the line above the words "Name of debtor-payee" write the name of the indebted applicant. (Where more than one person is indebted enter the name of each.)

- (6) If the application against which the set-off is being made is not a conservation application delete "Agricultural Conservation" from the first paragraph.
- (7) Following the dollar sign enter the payment comouted for the indebted applicant named above. If more than one person is indebted, the amounts following the dollar sign must be entered in the same sequence as the names, so that the first name and first amount will represent the amount due that person, etc.
- (8) On the line following the words "Such apparent indebtedness arises out of a loan from" enter the name of the Governmental agency to whom an amount is due from the indebted applicant. If more than one person is indebted the names of the Governmental agencies shall be entered in such a way that the first one listed shall represent the one to whom the first-named applicant is indebted, etc.
- (9) In the space below the printed paragraphs the names of other applicants who are not indebted and the net amount due each shall be entered. If any of such applicants have executed assignments, also enter the name of each assignee and the amount due. These names and amounts must be the same as those entered on Form ACP-26. The two forms have been printed in such a way that the names and amounts may be entered on both at the same time, using one Form ACP-26 for the original, with two Forms ACP-26 and three Forms ACP-27 for the carbon copies.
- e. The proper notations shall be made on the register.
- f. If the set-off is being made against the payment due under a range application, and an amount will be paid to the applicant after the set-off has been made, prepare ACP-109 or other applicable notice of county association expense deduction in duplicate. The original shall be attached to the original application, and the copy attached to the State Office copy of the application. If no payment is to be made to the applicant, ACP-109 or other form shall be prepared upon receipt of AAA-367 (see subparagraph j) to show the rate of deduction for county association expenses, the amount set off, and the agency in whose favor the set-off was made.
- g. The adjustment clerk shall file two copies of each ACP-25, one copy of ACP-26 and one copy of ACP-27 with the copies of the application. One copy of each ACP-25 shall be forwarded to the State Accountant. The original application, the original and two copies of ACP-25, the original and one copy of ACP-26 and the original and one copy of ACP-27 shall be forwarded to the scheduling and voucher unit for the preparation of the voucher forms. Upon return of one copy of ACP-25 from the General Accounting Preaudit office the adjustment clerk will pull one of the file copies of each ACP-25 and forward it to the Control Accounts and Reports Section, Agricultural Adjustment Administration, Washington, D. C.

SCHEDULING AND VOUCHER UNIT

h. Preparation of Continuation Sheet, Public Voucher, and Schedule of Disbursements.

Upon receipt of the documents referred to above, the scheduling and voucher unit shall prepare the appropriate number of copies of the Continuation Sheet, Public Voucher, and Schedule for Disbursements, in accordance with the regular audit procedure issued in connection with the program with respect to which the application for payment was filed. However, payments for only those applicants who are not indebted and payments representing assignments executed by such applicants who are not indebted shall be scheduled on the Continuation Sheet.

- (1) If the application against which the set-off is being made is a 1939 Sugar beet application, be certain that the entry on the same line with the indebted applicant's name in column 4, Section V of SB-310, has been encircled and is not included in the adding machine total.
- i. Also enter the Bureau voucher number on ACP-26 and ACP-27. This number must be the same as the Administrative number of the Continuation Sheet.
- j. Distribution of the application, forms ACP-25, ACP-26, ACP-27, the Continuation Sheet, Public Voucher, and Schedule of Disbursements.

The regular number of copies of the Continuation Sheet, Public Youcher, and Schedule of Disbursements, together with the original and two copies of ACP-25, the original and one copy of ACP-26 and the original and one copy of ACP-27 shall be forwarded to the Preaudit office. The Preaudit office will return one copy of ACP-25 and one copy of the Schedule of Disbursements to the State office, and will retain one copy each of ACP-25, ACP-26, ACP-27, the Continuation Sheet, Public Voucher, and Schedule of Disbursements. The original ACP-26 will be forwarded to the Regional Disbursing Office with the vouchers. The application, together with the original ACP-25 and ACP-27 will be forwarded to the Comptroller of the AAA who will prepare an administrative report on Form AD-42 addressed to the General Accounting Office in Washington. In the lower left-hand corner of one copy of Form AD-42 will be a notation "Transmit to State Office" with the name of the proper State office entered. Then the Office of the Comptroller will forward the application, ACP-25, ACP-27, and AD-42 to the Office of Budget and Finance, Department of Agriculture, which office will forward the case to the Washington General Accounting Office and will send two copies of Form AD-42 to the Western Division. The Western Division will forward one copy of AD-42 to the State office where it will be filed with the copies of the application and other documents retained at the time the originals were sent to the Preaudit office.

In the event that an inquiry is received from the applicant or the county committee relative to the expected date of settlement, a reply may be made by stating that the case was transmitted to the General Accounting Office for direct settlement under the date shown on Form AD-42.

When the case is settled, the State office will receive from the Western Division two copies of Form AAA-367. Upon receipt of these forms, the adjustment clerk shall make the necessary notation regarding the settlement on the file copy of the application or other documents and shall forward one copy of AAA-367 to the State Accountant. The remaining copy shall be sent to the proper county office.

C. Applicant/s indebted to the AAA or other USDA agency and also to an agency outside of the USDA. One or more other applicants not indebted.

Where an applicant is indebted to both an administration or bureau within the USDA and to an agency outside of the USDA, the amount due the administration or bureau within the USDA shall be deducted first.

- 1. Where the payment due the debtor-applicant is equal to or less than the amount owing to the USDA agency, the set-off shall be made without regard to the indebtedness to the other Governmental agency. In making the set-off in favor of the USDA agency, follow the procedure in paragraph A of this Section V. No reference to the applicant's indebtedness to the agency outside the USDA will be made on the application or other forms.
- 2. Where the payment due the debtor-applicant is greater than the amount owing to the USDA agency, follow the procedure in paragraph B of this Section V, and in addition prepare AD-42 in accordance with paragraph L of Section II.
- D. Applicants indebted to an agency outside of the USDA at the time application is certified by both the State and Preaudit offices, but debt removed from the Register prior to transmittal of the application to the Claims Division, Washington General Accounting Office. One or more applicants not indebted.

If the Comptroller of the AAA finds, upon receipt of Forms ACP-25, ACP-27, and the application for payment that the applicant against whose payment the set-off is to be made is no longer indebted, he will return the documents to the proper State office and the case will be handled in accordance with paragraph M of Section II, except that the original ACP-27 will be forwarded to the Preaudit office with the application, ACP-25, memorandum to the Chief of Party, and C-1110 Supplement A where necessary. Where ACP-27 is present, the Preaudit office will take the action necessary to adjust the cross-reference on the vouchers in the Records Division, General Accounting Office, for the applicants who were not indebted.

VI. APPLICATION FILED BY TWO OR MORE PERSONS -- ONE OR MORE INDEBTED AND OTHERS NOT INDEBTED. INDEBTED APPLICANT HAS EXECUTED ASSIGNMENT.

The procedure in this section is applicable to only those programs with respect to which assignments may be executed and shall be followed when an application is filed by two or more persons at least one of whom is not only indebted to the United States but also has executed an assignment. The procedure in this section is not applicable when the set—off is to be made against a multiple farm application which is filed by only one applicant. Where the application shows that a payment is to be paid to two or more persons jointly and one of such persons is indebted, obtain the statement required in the first paragraph of Section V and make the necessary computations on the application as required in Section V, paragraphs A, 2, a, and B, 2, a.

ADJUSTMENT CLERK

- A. Applicant/s indebted to a USDA agency.
 - 1. Set-off takes priority over assignment.
 - a. Payment for each applicant who is not indebted shall be determined and entered on the application in the regular manner. Any amount due an assignee from the payment of an applicant who is not indebted shall also be computed and entered on the application in the regular manner.
 - b. Entries on the application with respect to the set-off and the amounts due the assignee and indebted applicant will be made in accordance with paragraph A, 1, of Section IV. Any other document, such as ACP-28 or ACP-30, necessary for the making of the set-off shall be prepared in accordance with the applicable paragraph of Section II.

SCHEDULING AND VOUCHER UNIT

Prepare and distribute Standard Form 1096, the Continuation sheet, Public Voucher, and Schedule of Disbursements in accordance with the applicable paragraph of Section II or Section III, with the exceptions outlined in paragraphs A, 1, c and d of Section IV. Payments for the assignees and the applicants who are not indebted shall be scheduled on the same Continuation Sheet in the regular manner.

ADJUSTMENT CLERK

- 2. Assignment takes priority over set-off.
 - a. Payment for each applicant who is not indebted shall be determined and entered on the application in the regular manner. Any amount due an assignee from the payment of an applicant who is not indebted shall also be computed and entered on the application in the regular manner.

b. Entries on the application with respect to the amount due the assignee in whose favor the indebted applicant executed ACF-69, the amount of the set-off, and the amount for the applicant shall be made in accordance with paragraph B, l, of Section IV. Any other document, such as ACF-28 or ACF-30, necessary for the making of the set-off shall be prepared in accordance with the applicable paragraph of Section II.

SCHEDULING AND VOUCHER UNIT

c. Prepare and distribute Standard Form 1096, the Continuation Sheet, Public Voucher, and Schedule of Disbursements in accordance with the applicable paragraph of Section II or Section III, with the exceptions outlined in paragraphs A, 1, c, and d of Section IV. Payments for the assignees and the applicants who are not indebted shall be scheduled on the same Continuation Sheet in the regular manner.

ADJUSTMENT CLERK

- B. Applicant/s indebted to an agency or Department outside the USDA but not to any administration or bureau within the USDA.
 - 1. Set-off takes priority over assignment
 - a. Payment for each applicant who is not indebted shall be determined and entered on the application in the regular manner. Any amount due an assignee from the payment of an applicant who is not indebted shall also be computed and entered on the application in the regular manner.
 - b. Entries on the application with respect to the set-off, the amount due the assignee, and the amount due the indebted applicant shall be made in accordance with paragraph A, 2, a, of Section IV. However, the notation regarding the attached forms should read "See ACP-25, bureau voucher No. , ACP-27, & AD-42" and where applicable include "AAA-372."
 - c. ACP-25 shall be prepared in accordance with paragraph A, 2, b, of Section IV.
 - d. AD-42 shall be prepared in accordance with paragraph Λ , 2, c, of Section IV.
 - e. ACP-26 and ACP-27 shall be prepared in accordance with subparagraphs c and d of paragraph B, 2, Section V.
 - f. The notice of county association expense deduction shall be prepared in accordance with subparagraph f of B, 2, Section V; provided, however, that if the form is prepared upon receipt of AAA-367 the amount, if any, paid to an assignee must also be shown.

g. The adjustment clerk will file the copies of the application, 2 copies of ACP-25, one copy of AD-42, one copy of ACP-26 and one copy of ACP-27. One copy of ACP-25 shall be forwarded to the State accountant. The original application (with AAA-372 attached when applicable), the original and 2 copies of ACP-25, the original and six copies of AD-42, the original and one copy of ACP-26, and the original and one copy of ACP-27 shall be forwarded to the scheduling and voucher unit for the preparation of the voucher forms.

SCHEDULING AND VOUCHER UNIT

- h. Payment for each applicant who is not indebted and for any assignee in whose favor ACP-69 was executed by an applicant who is not indebted shall be scheduled on the Continuation Sheet in accordance with Section V, paragraph B, 2, h. Such names and amounts must agree with those on ACP-26 and ACP-27. Also enter the Bureau voucher number on ACP-26 and ACP-27. This number shall be the same as the Administrative number of the Continuation Sheet.
- i. Along with the regular number of copies of the Continuation Sheet, Public Voucher, and Schedule of Disbursements, the scheduling and voucher unit will forward to the Certifying Officer all the documents received from the adjustment clerk in accordance with paragraph g above. The Certifying Officer shall sign forms ACP-25 and initial the original and first two copies of AD-42 and all of the documents shall be forwarded to the General Accounting Preaudit office. Further distribution of the application, ACP-25, and AD-42 will be made in accordance with paragraph L, of Section II. The Presudit office will keep one copy of ACP-26 and one copy of ACP-27. The Preaudit office will forward the original ACP-26 to the Regional Disbursing Office in order that checks may be issued to the persons listed thereon, and the original ACP-27 to the Comptroller, AAA, with the application and other documents. Upon receipt of C-1110 Supplement A the adjustment clerk will make the proper changes in the Register. When the case is settled the State office will receive two copies of AAA-367 from the Western Division. The proper notations regarding settlement shall be made on Forms ACP-25 and AD-42, and thereafter the documents will be returned to the permanent files. One copy of AAA-367 shall be forwarded to the proper county office and the other copy shall be sent to the state accountant.

ADJUSTMENT CLERK

C. Applicant's indebted to the USDA and also to an agency of the Federal Government outside the USDA.

Follow the principles established in paragraph B of Section IV. The actual set-off, however, will be made in accordance with either paragraph A or B of this Section VI, except that the administrative report on Form AD-42 shall contain the request that the amount due the administration or bureau within the USDA be deducted first.

D. Applicant/s indebted to agency outside USDA at time application is certified by State and Preaudit Offices but indebtedness removed from the Register prior to transmittal of the case to the Washington General Accounting Office.

Follow the procedure in paragraph D of Section V.

VII. SET_OFF MADE IN ERROR.

There may be instances where a set-off is made and thereafter it is discovered that such set-off was in error. There are various reasons why a set-off may have been in error, but the following are the most common:

Amount set off exceeds the applicant's indebtedness.

Set-off made against payment due a person who is not the debtor.

Amount set off exceeds payment due under application.

As soon as the State Office is on notice that an erroneous set-off has been made, the adjustment clerk shall immediately prepare the proper form or notice requesting that the amount erroneously set off be returned. The necessary corrections shall then be made on the register, and if it is proper to certify an additional payment to the applicant, the prescribed forms shall be prepared.

In each instance where an additional amount is due an applicant, the applicant's request for such additional amount must be on file in the State Office before the payment is certified. The request may be in the form of a letter. However, the applicant's signature on an adjustment application prepared in the county office shall also constitute his request for any additional amount which may be due as the result of an erroneous set-off, and in such case no letter is required. It is not necessary that the applicant specify the amount due. The procedure outlined below shall be followed:

A. Erroneous set-off made in favor of AAA.

1. Preparation of form 1097.

As soon as the error is discovered the adjustment clerk shall prepare form 1097 for the purpose of requesting that the amount improperly set off be transferred back into the appropriation charged with the set-off. Form 1097 shall be prepared in accordance with established procedure. If an additional amount is due an applicant who has filed the proper request, it is not necessary to hold up certification of the payment pending receipt of an accomplished copy of form 1097.

a. If the amount set off is greater than the indebtedness, the amount shown on form 1097 shall be the amount by which the set-off exceeds the debt. The entire amount of the set-off shall be entered on form 1097 only in the event that it is found that the applicant was not indebted or that the entire debt had been liquidated.

- b. If the set-off was made against the payment due a person who is not the debtor, the entire amount set off shall be entered on form 1097.
- c. If the amount set off is greater than the payment earned by the applicant in connection with the program with respect to which the application was filed, (an error in computation having been made on the original application by both the State and Preaudit Offices; or an adjustment application, showing that the amount earned on the farm is less than the amount computed on the original application, having been received) enter on form 1097 the amount which represents the difference between the amount actually set off and the amount which would have been set off if all basic data and computations on the original application had been correct.
- 2. Correction of register of indebtedness.

The appropriate changes must be made in the register immediately upon discovery of the erroneous set-off.

- a. If the amount set off exceeds the applicant's indebtedness, enter on the register a notation to the effect that a form 1097 has been prepared and show the amount transferred. Since the amount specified on form 1097 is due the applicant, no additional amount will be set up on the register.
- b. If the set-off was made against a payment due a person who is not the debtor, indicate on the register that the set-off is void and re-enter all data regarding the indebtedness of the proper person.
- c. If the amount set off exceeds the payment actually due, as determined on the adjustment application (prepared in accordance with paragraph 3 below) entries on the register shall be made as follows:
 - (1) Enter the applicant's name, the amount shown on form 1097, and the appropriation credited with the erroneous set-off. This is the appropriation shown on the register prior to the time the erroneous set-off was made. In other words, all or a part of the debt previously listed on the register shall be re-entered. If the applicant received no payment under the original application, the amount entered on the register will represent the amount by which the applicant's payment less association expenses (or the applicant's share of the gross farm payment if association expenses are not deducted) computed on the original application exceeds the amount of such payment computed on the adjustment application.
 - (2) If the applicant received a payment under the original

application, it will also be necessary to set this amount up on the register as a debt, inasmuch as the applicant would not have received a payment if the original application had been correct. This debt shall be listed as owing to the AAA in connection with the program with respect to which the original and adjustment applications were filed.

The sum of the amounts entered on the register in a accordance with subparagraph (1) above and this subparagraph (2) must equal the amount by which the applicant's payment less association expenses (or the applicant's share of the gross farm payment if association expenses are not deducted) computed on the original application exceeds the amount of such payment computed on the adjustment application.

3. Preparation of adjustment application and other forms necessary for the certification of any additional payment which may be due.

If the error occurred in the State Office, the adjustment clerk shall prepare an adjustment application and enter the correct data thereon. If the original application submitted from the county was in error, a properly executed adjustment application must be forwarded from the county.

Determine the applicant's payment less association expenses (or the applicant's share of the gross farm payment if association expenses are not deducted) in the regular manner. Beneath this amount make the following entries:

- a. If the amount set off exceeds the applicant's indebtedness, an additional amount will be due the applicant.
 - (1) Inter the correct amount of the debt, the schedule number of the form 1096 on which the set-off was scheduled, the D. O. voucher number of the set-off scheduled on form 1096, and a reference to the attached form 1097. The debt shall be identified by the appropriate explanatory statement as described in the applicable section and paragraph of this procedure.
 - (2) Subtract the correct amount of the debt from the applicant's payment less association expenses (or the applicant's share of the gross farm payment if association expenses are not deducted) and enter the result on the following line.
 - (3) Beneath the result obtained under (2) above, enter the amount previously paid to the applicant. Identify this amount by showing the check number, date of the check, and the D. O. voucher number.

- (4) Enter in the space provided for the approved payment for the applicant, the result determined by subtracting the amount entered under (3) above from that determined under (2) above. If application for payment is made on form ACP-90, SB-310, or other similar form, it will be necessary to encircle the amount originally computed for the applicant.
- (5) The sum of the payment approved for the applicant on the adjustment application, the amount paid to the applicant under the original application and the correct amount of the debt must equal the applicant's payment less association expenses (or the applicant's share of the gross farm payment if association expenses are not deducted.) computed on the adjustment application.
- b. If the set-off was made against a payment due a person who is not the debtor, the full amount due the applicant under the adjustment application shall be certified for payment to him. Determine the correct amount due and enter this amount in the space provided.
- c. If the amount set off exceeds the payment due under the adjustment application, but the amount of the set-off is not greater than the debt -
 - (1) Determine and enter the amount which can be set off against the payment computed on the adjustment application. This amount will be the full payment due under the adjustment application.
 - (2) Enter an "0" in the space provided for the approved payment to the applicant.
 - (3) The adjustment application will be filed in the State Office, inasmuch as no payment is to be certified.
- 4. Preparation of memorandum for the Preaudit Office.

If the erroneous set-off was the result of an error in the State Office, and a payment is being certified under theadjustment application, the adjustment clerk shall prepare a memorandum (in duplicate) for the Chief of Party of the Preaudit Office, explaining the error.

5. Preparation of continuation sheet, public voucher and schedule of disbursements, and distribution of forms.

These forms shall be prepared in accordance with the regular audit procedure issued in connection with the program with respect to which the application was filed. (Since the set-off has already been made, no form 1096 will be prepared.)

All forms shall be distributed in accordance with existing procedure. The applicant's request, the original memorandum for the Preaudit Office, and a copy of form 1097 shall be forwarded to the Preaudit office along with the adjustment application and other forms.

B. Erroneous set-off made in favor of CCC, FCA, or FSA. Set-off made in accordance with Section II, paragraph 1 of this procedure.

Where a check for the amount of the set-off was drawn in favor of and forwarded to the creditor agency, the adjustment clerk shall proceed as follows:

- 1. Request for refund of amount erroneously set off.
 - a. Amount set off exceeds the applicant's indebtedness.

Where the amount set off is equal to or less than the amount of the debt appearing on the State Office Register at the time the set-off was made, but the debtor notifies the State Office that the amount set off exceeds his indebtedness, such notice shall be forwarded immediately to the creditor agency who shall be requested to reimburse the debtor for any amount to which he may be entitled.

Where the amount set off is greater than the amount appearing on the register at the time the set-off was made, the adjustment clerk shall advise the creditor agency that an error was made and shall request such agency to reimburse the debtor and advise the State Office when this has been done. The letter of notification to the creditor agency must show the amount to be paid to the debtor. If any written communication was received from the debtor, such communication shall be enclosed with the letter of notification to the creditor agency.

- b. Set-off made against payment due a person who is not the debtor, or the amount set off exceeds the payment due under the application.
 - (1) Request for remittance from creditor agency.

Immediately upon discovery of the error, the adjustment clerk shall prepare a letter (in triplicate) addressed to the creditor agency, requesting that the amount erroneously set off be returned. The letter must contain the symbol and title of the appropriation charged with the set-off, the check number, date of the check, amount of the check, the D. O. symbol number, the D. O. voucher number of the voucher on which the set-off was listed, the name and address of the applicant from whose payment the set-off was deducted, and the amount to be returned.

If the set-off was made against a payment due a person who is not the debtor, the creditor agency shall be requested to refund the entire amount; however, where the amount set off exceeds the payment due the applicant in connection with the program with respect to which the application was filed, the creditor agency shall be requested to refund the amount which represents the difference between the amount actually set off and that which would have been set off if all basic data and computations on the original application had been correct.

- (a) If the set-off was made in favor of the FSA, the letter shall contain a request that the proper amount be credited to the appropriation by means of form 1046.
- (b) If the set-off was made in favor of the CCC or FCA, the letter shall contain a request that a check for the proper amount be drawn in favor of the Treasurer of the United States and forwarded to the State Office.

The original and one copy of the letter shall be forwarded to the office of the creditor agency at the address where the check was delivered. The remaining copy shall be filed.

MOTE: In each case where an erroneous set-off was made in favor of the FCA, the State Office shall inform the regional FCA office regarding the error immediately (by wire, if necessary) upon discovery of the error. The wire will not replace the letter referred to above, but will serve to notify the regional office that an error has occurred and that detailed information will be forwarded as soon as possible. This is important because of the fact that regional FCA offices hold the amounts set off in a special deposit account for a period of 30 days after which time deposits to the proper appropriations are made. Since some of these appropriations are no longer available for expenditure, a refund of an erroneous set-off is more easily obtained if it is requested prior to the expiration of the 30-day period.

(2) Remittance to State Office

(a) If the set-off was made in favor of the FSA, the regional office will, upon receipt of the request from the State Office, prepare Form 1046 in the regular manner. Upon receipt of an accomplished copy of form 1046, the regional FSA office will forward two accomplished copies to the State Office. One copy of form 1046 shall be forwarded to the Preaudit Office with the adjustment application, if any. The other copy shall be given to the State Accountant.

- (b) If the set-off made in favor of the FCA is being held in a suspense account or has been transferred to an appropriation still available for expenditure, a check will be drawn in favor of the Treasurer of the United States and forwarded to the State Office. When the check is received it shall be scheduled for collection on Form 1044 in accordance with existing procedure, except that one additional copy of the form shall be prepared. The extra copy shall be forwarded to the Preaudit Office with the adjustment application, if any.
- (c) If the set-off made in favor of the FCA has been transferred to an appropriation which is no longer available for expenditure, the regional office of the FCA will notify the Washington Office that a request for return of all or part of the amount set off has been received. The Washington Office of the FCA will then send a letter to the General Accounting Office requesting that the proper appropriation be credited with the amount erroneously set off. A signed copy of the letter to the General Accounting Office will be forwarded to the State Office. This copy shall be forwarded to the Preaudit Office with the adjustment application, if any. A copy shall be made in the State Office and forwarded to the State Accountant.
- (d) If the set-off was made in favor of the CCC, the appropriate office will request that a check be drawn in favor of the Treasurer of the United States and forwarded to the State Office. When the check is received it shall be scheduled for collection on form 1044 in the regular manner except that an additional copy shall be prepared. This copy shall be forwarded to the Preaudit Office with the adjustment application, if any.
- 2. Correction of register of indebtedness.

The appropriate changes must be made in the register immediately upon discovery of the erroneous set-off. Follow the procedure in paragraph A of this Section VII, entering the amount of and reference to the form 1044, form 1046, or letter to GAO instead of the amount and reference to form 1097.

3. Preparation of adjustment application and other forms necessary for the certification of any additional payment which may be due.

Upon receipt of an accomplished copy of form 1044 or form 1046, or a copy of the letter addressed to the General Accounting Office and the applicant's request for any additional amount due, payment may be certified.

The adjustment application, memorandum for the Preaudit Office, continuation sheet, public voucher, and schedule of disbursements shall be prepared and distributed in accordance with paragraph A of this Section VII. A copy of form 1044, 1046, or letter to the GAO must be forwarded to the Preaudit Office with the adjustment application and other forms.

If an additional payment is not due the applicant, make the necessary entries on the adjustment application and on the register and file the adjustment application and other forms.

C. Erroneous set-off made in favor of CCC, FCA, or FSA. Set-off for FSA made by means of form 1096, and set-off for CCC or FCA made by GAO.

The adjustment clerk shall prepare the proper request and other forms in accordance with paragraph 3 of this Section VII, provided, however, that -

- 1. If the set-off was made by GAO in favor of the CCC or FCA, the letter requesting a refund of the amount erroneously set off shall contain the symbol and title of the appropriation charged, the certificate number and claim number of the AAA-367 and the name and address of the applicant against whose payment the set-off was made.
- 2. If the set-off was scheduled on form 1096 for the FSA, the adjustment clerk shall prepare and distribute form 1097 in accordance with existing procedure for the purpose of securing a refund of the amount erroneously set off. The amount to be returned shall be determined in accordance with paragraph A of this Section VII.
- D. Erroneous set-off made in favor of CCC, FCA, or FSA. -- Set-off made against payment due debtor but in an amount which exceeds the payment due under the application.

If a set-off is made against a payment computed under an application filed by a person who is the debtor, but the amount set off is in excess of the payment earned in connection with the program with respect to which the application was filed because of the fact that the original application was in error, the adjustment clerk shall request the creditor agency to return the excess amount set off. This request shall be prepared in accordance with paragraph B or C of this Section VII. The proper amount will be returned unless the creditor agency found, upon receipt of the set-off, that the amount of the set-off was greater than the indebtedness and forwarded the balance to the producer. If this has been done, the creditor agency will not have the money to reimburse the AAA. Therefore, the applicant's name will be entered on the register of indebtedness. The amount of the debt shall be the amount erroneously set off and the appropriation to be entered on the register shall be the appropriation charged with the set-off.

M. E. Do-dd Director, Western Division.

UNITED STATES DEPARTMENT OF AGRICULTURE AGRICULTURAL ADJUSTMENT ADMINISTRATION WESTERN DIVISION

Market to be a sector of the sector

SET-OFF PROCEDURÉ

The procedure established in WD-7 is amended by the procedure set forth herein.

- I. Section I, paragraph D is amended to read as follows:
 - D. Order of Priority in making deductions

Where any applicant is indebted to (1) more than one agency of the Federal Government, or (2) one or more agencies of the Government and has executed an assignment, deductions of the amounts due each governmental agency and the assignee shall be made in accordance with the applicable subparagraph below:

1. Applicant indebted -- no assignment

The following order of priority is applicable where no assignment has been reported on the application.

- a. Agricultural Adjustment Administration
 - (1) Grants of aid
 - (2) Crop Insurance advances
 - (3) Overpayments under agricultural conservation programs
 - (4) Overpayments under price adjustment programs, including failure to submit Form CAP-3 and failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938.
 - (5) Overpayments under sugar beet programs
 - (6) Overpayments under commodity contracts
- b. Commodity Credit Corporation -- excluding all forms AAA-372
- c. Farm Security Administration -- excluding all forms AAA-372
- d. Farm Credit Administration -- excluding all forms AAA-372
- e. Other USDA agencies -- excluding all forms AAA-372
- f. Any agency or Department of the Federal Government outside the Department of Agriculture -- excluding all forms AAA-372
- g. Form AAA-372 which shows that it was filed in the county office prior to February 10, 1940. (There must be evidence that the form was timely filed. If it is found that the form was not filed in the county prior to February 10, 1940, the set-off shall not be made.)
 - h. Crop Insurance Corporation debts resulting from indemnity overpayments

2. Indebted applicant assigned 1940 or subsequent payment -excluding cases where subparagraph 3 is applicable.

The following order of priority is applicable where an assignment has been reported on a 1940 or subsequent crop year application and the applicant is indebted to the United States, unless the county committee has attached a statement to the effect that both the assignment and the notice of indebtedness to an agency other than the AAA or CCC were filed prior to the issuance of ACP-70, Revised February 3, 1940, and the Set-Off Order, Revised January 31, 1940.

Since, subsequent to the issuance of the revised regulations referred to above, a set-off in favor of any agency other than the AAA or CCC will not be made if the assignment was filed in the county office first, the adjustment clerk will assume that the assignment was filed first if it has been recorded on the application. (However, in the event that the adjustment clerk is in a position to know that the notice of the debt was filed in the county office first -- for example, the notice of the debt was sent out before the beginning of the program year with respect to which the assignment was filed -- the county shall be asked to explain why the assignment was accepted and the set-off shall be made and the assignment disregarded.) If the assignment has been recorded on the application, the indebtedness to the governmental agency other than the AAA or CCC should not have been recorded. Any amount due either the AAA or CCC should have been recorded on the application, but if it is not, the adjustment clerk shall enter the appropriate notation regarding the debt and shall make the set-off, since both AAA and CCC debts take priority over an assignment regardless of the dates on which notices of the debts and the assignment were filed in the county office.

- a. Agricultural Adjustment Administration
 - (1) Grants of aid
 - (2) Crop insurance advances
 - (3) Overpayments under agricultural conservation programs
- (4) Overpayments under price adjustment programs, including failure to submit Form CAP-3 and failure to remit penalties under the marketing quota provisions of the Agricultural Aug(5) Overpayments under sugar beet programs
 (6) Overpayments under commodity contracts visions of the Agricultural Adjustment Act of 1938.

 - b. Commodity Credit Corporation
 - c. Assignment

Note: Any balance of the payment remaining after deducting the AAA and CCC debts and the assignment shall be approved for the applicant.

3. Indebted applicant filed an assignment. Both assignment of 1940 or subsequent payment and notice of indebtedness filed in the county office prior to issuance of the Set-Off Order as Revised January 31, 1940 and ACP-70 as revised February 3, 1940; or assignment filed in connection with 1939 or previous crop year application.

If the county office has recorded both an assignment and a debt owing to an agency other than the AAA or CCC on a 1940 or subsequent crop year application for payment and has attached a statement to the effect that both were on file in the county office prior to the issuance of the revised regulations referred to above, deductions will be made in the order outlined below. The adjustment clerk shall detach the statement from the application and file it.

The following order of priority is also applicable where a 1939 or previous payment has been assigned and the applicant is indebted to the United States. (The set-off takes priority over the assignment irrespective of the dates on which the notice of indebtedness and ACP-69 were filed in the county. If the debt was recorded in the county prior to the issuance of ACP-70 revised February 3, 1940, the assignment would not have been accepted after that date.) The provisions of Section I, paragraph D, 7, are also applicable in connection with a 1939 multiple-farm application.

- a. Agricultural Adjustment Administration
 - (1) Grants of aid
 - (2) Crop insurance advances
 - (3) Overpayments under agricultural conservation programs
 - (4) Overpayments under price adjustment programs, including failure to submit Form CAP-3 and failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938.
 - (5) Overpayments under sugar beet programs
 - (6) Overpayments under commodity contracts
- b. Commodity Credit Corporation * -- excluding all forms AAA-372
- c. Farm Security Administration * excluding all forms AAA-372
- d. Farm Credit Administration * -- excluding all forms AAA-372
- e. Other USDA agencies * -- excluding all forms AAA-372
- f. Any agency or Department of the Federal Government outside the Department of Agriculture * -- excluding all forms AAA-372.
- g. Assignment on ACP-69 or request for set-off on AAA-372 filed prior to February 10, 1940, whichever was filed first in the county office.
- * Where any agency or Department whose debt takes priority over an assignment files a written statement to the effect that such debt may be subordinated to the assignment, the assignment shall be given priority.

- II. Delete the sentence, "However, the applicant's signature on an adjustment application prepared in the county office shall also constitute his request for any additional amount which may be due as the result of an erroneous set-off, and in such case no letter is required" from the third paragraph of Section VII, on page 86.
- III. Paragraph B, page 90 of WD-7 provides that, when a set-off exceeds the amount of the applicant's indebtedness, the creditor agency in whose favor the set-off was made shall be asked to reimburse the applicant.

In rare instances there are cases where the creditor agency is unable to reimburse the payee. (In one case the whereabouts of the applicant were unknown and in another case the applicant's ex-wife claimed the amount of the excess set-off as the result of a divorce settlement.) Under such circumstances, the creditor agency will issue a check payable to the Treasurer of the United States for the amount of the excess set-off and will forward it to the State Office.

Upon receipt of the check the adjustment clerk shall prepare form 1044, depositing the check to the credit of the trust fund "128881 Deposits of Unclaimed Moneys of Individuals Whose Whereabouts are Unknown (name of Individual)". When a request is received from the person entitled to the amount deposited in the trust fund, the adjustment clerk shall prepare Form AD-42 in the regular manner, showing that the amount is due the claimant. During the 1941 fiscal year, the appropriation to be shown as chargeable on AD-42 is "2018892 Farment of Unclaimed Moneys." The "1" in the symbol is the fiscal year designation; consequently, for claims approved subsequent to June 30, 1941, this number should be changed to "2" for the 1942 fiscal year, "3" for the 1943 fiscal year, etc. The difference between the fund creditable and chargeable is due to the fact that the Congress annually appropriates funds for expenditure for this purpose.

The foregoing procedure is applicable since the money does not properly belong in the appropriation from which it was disbursed. However, such procedure is not applicable where the amount set off is in excess of the payment due the applicant because, in such case, the appropriation erroneously charged is the appropriation to be credited.

Where the amount of any excess set-off is returned to the State Office by a check payable to the Treasurer of the United States because the debtor-applicant is deceased, such amount should be deposited to the appropriation in order that any claim for it may be handled in accordance with existing claims procedure.

IV. The procedure for the preparation of Form 1096 provides that the name of the Disbursing Officer and the D. O. voucher number be shown in the "Remarks" column. In addition also enter the period of account in which the overpayment was made if this information is available. (The period of account will not be shown where the overpayment was made in the Washington AAA office, since the debt register issued by the Office of the Comptroller does not contain such information.)

Director, Western Division.

M. E. Dodd

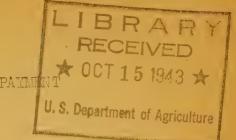


UNITED STATES DEPARTMENT OF AGRICULTURE AGRICULTURAL ADJUSTMENT AGENCY Western Region

SET-OFF PROCEDURE

GENERAL INSTRUCTIONS AND ENTRIES ON THE APPLICATION FOR PAYM

FOR USE OF BOTH COUNTY AND STATE OFFICES



I. GENERAL INSTRUCTIONS:

A. Programs to which procedure is applicable

This procedure is applicable to all programs for which payments are made to farmers.

D. Definitions

The following terms, as used in this set-off procedure, have the meanings indicated below:

- 1. APPLICATION means any application for payment submitted in connection with any program.
- 2. REGISTER means Register of Indebtedness.
- 3. PERSON means a person as defined in the various bulletins and handbooks issued for the program with respect to which the application is filed.
- 4. APPLICANT means a person who signed an application for payment.

Such person may be an individual; partnership; association; corporation; estate or trust; administrator or executor of a deceased debtor; a widow or other heir of a deceased debtor who contributed to performance for which the application for payment is made; or a guardian or committee for an incompetent debtor. If two or more individuals sign an application as joint-owners or joint-operators, all of such individuals shall be considered as one applicant, unless only one is indebted, in which event paragraph E is applicable.

Where a farm application is provided for any program, the term APPLICANT does not include all persons who filed the same application.

The term APPLICANT does not include an assignee on an ACP application.

Both the county and State Offices must have on file a statement showing that a deceased debtor contributed to the performance rendered in connection with a program before making a set-off against the payment for such performance to be made to the widow or other heir. (This statement is not necessary if the application is filed on behalf of the estate by the administrator, etc., as a set-off will be made regardless of whether the deceased debtor contributed to performance.)

5. The following abbreviations have the meanings indicated:

USDA - United States Department of Agriculture

AAA - Agricultural Adjustment Agency CCC - Commodity Credit Corporation

FCA - Farm Credit Administration

FFMC - Federal Farm Mortgage Corporation

FSA - Farm Security Administration

FDIC -- Federal Deposit Insurance Corporation

USDA agency — any administration, corporation, or bureau of the USDA GAO — General Accounting Office in Washington, D. C.

Preaudit Office - local field preaudit office of GAO serving the State Office.

RDO - Regional Disbursing Office serving the State Office

ACP - Agricultural Conservation Program

PPP -- Parity Payment Program, including all commodities

SBP - Sugar Beet Program

CAP - Cotton Price Adjustment Payment Program

- 6. ORDER means the Order Respecting Set-offs Entered by the Secretary of Agriculture on May 8, 1937, including all revisions and supplements.
- C. Joint-owners, joint-operators or a partnership indebted. Application submitted by one of such joint-owners or joint-operators or by a rember of the partnership

When joint-owners, joint-operators, or a partnership is named on the register and the application for payment is filled by one joint-owner, joint-operator or member of the partnership as an individual, a sot-off in the full amount of the indebtedness may be made against the payment due such person. Defore making the set-off, however, obtain information as to whether or not any of the other joint-owners, joint-operators or members of the partnership intend to file individual applications for payment. If so, a set-off will be made on a pro rata basis against the payment due under each application, and all of the applications shall be released by the county office at the same time.

D. Hember of partnership indebted - application received from partnership

Where a member of a partnership is indebted, the indebtedness shall not be set off against any payment due the partnership. In the event that an application from the partnership is received, ascertain whether or not it is in fact a bona fide partnership and not a co-owner or co-operator type of relationship.

E. Debtor files application as co-owner or co-operator

Where a payment is to be made to two or more persons jointly and one of such persons is indebted, it will be necessary to obtain a statement, signed by all persons entitled to share in the joint payment, showing the manner in which the payment is to be divided among them. A set-off shall be made against the debtor's share of such payment. In each such case the original statement regarding the division of payment must be attached to the original application and forwarded to the Preaudit office with it. Copies will be filed with the State and county office copies of the application.



Order of priority

Deductions from payments are to be made in the following order. This is the order of priority approved by the Secretary of Agriculture in his set-off Order, as amended and supplemented.

1. Indebtedness to AAA

- a. Overpayment on WR-611 Parity.
- b. Conservation material furnished.
- c. Crop insurance advance.
- 2. Nonresident alien tax
 (This deduction is not included in the set-off Order, but is included in this paragraph to show which set-offs take priority over the tax deduction and which do not.)
- 3. Other indebtedness to AAA
 - a. Agricultural conservation program overpayments and deductions for failure to maintain practices under previous programs.
 - b. Price adjustment and parity program overpayments and failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1958.
 - c. Sugar beet program overpayments.
 - d. Commodity contract overpayments.
 - e. Excess stamps issued under Supplementary Cotton Program (check to be issued to SMA).
- 4. Indebtedness to Commodity Credit Corporation.
- 5. Indebtedness to Federal Crop Insurance Corporation.
 - a. Failure to liquidate commodity note.
 - b. Indemnity overpayments.
- 6. Assignment. (Do not make deductions from any ACP payment for any debts listed in paragraph 7 below, except item 7-e, if an acceptable assignment was filed.)
- 7. Indebtedness to agencies of the Federal Government other than AAA, CCC, and FCIC
 - a. Farm Security Administration
 - b. Farm Credit Administration or Federal Farm Mortgage Corporation.
 - c. Other USDA agencies, except SMA debts listed in item &.

- d. Any agency or department of the Federal Government outside the Department of Agriculture, such as Reconstruction Finance Corp., etc.
- e. Surplus Marketing Administration debts resulting from the issuance of mattress or comforter materials to persons ineligible to receive them.

G. Changes to be made on Register

The county office will reduce or remove the indebtedness item from the register at the time the application (completely executed and signed by the debtor) is prepared for transmittal to the State Office. The change will be verified upon receipt of the regular notice of the change from the State Office.

The State Office will reduce or remove the indebtedness item from the register upon certification of the application.

When a debt is completely liquidated the register card shall be transferred to an inactive file.

H. Indebtedness discovered after application is certified for payment

If a payment is certified by the State Office and the application forwarded to the Preaudit office before the State Office is notified that the applicant is indebted, a set-off will not be made, unless the application is suspended by Preaudit and the debt is owing to the AAA.

I. Minimum amount to be set off

A set-off shall be made in favor of the AAA if the amount of indebtedness is more than 10¢.

A set-off will be made in favor of any other agency or department of the Federal Government if the indebtedness is \$1.00 or more. The \$1.00 minimum is applicable to individual debts and does not apply to the sum of smaller amounts which may total \$1.00 or more. In the event that, as the result of a set-off, the indebtedness to any agency other than the AAA is reduced to an amount less than \$1.00, no further set-off will be made and the record shall be removed from the register.

II. SET-OFF DATA TO BE ENTERED ON APPLICATION:

In most cases data regarding the set-off will have been entered in the county office before the application is transmitted to the State Office. If so, the State Office shall check the entries against the register to make certain that they are accurate and shall determine that the amount to be set off has been computed correctly. Any necessary corrections shall be made and initialed by the person checking the entry in the State Office. If set-off information has not been entered in the county office, the State Office shall enter it.

Where the application does not contain a line on which to record a set-off, the data may be entered on a separate sheet and attached to the application; and if two or more persons have signed the application, the name of the applicant against whose payment the set-off is being made must be clearly indicated on the statement. When the statement is used, it must contain all the set-off information normally entered on the application.

When two or more debts are recorded against the applicant on the register, setoffs shall be made in accordance with the order of priority in Section I. Also
equation and the section of the section.

Set-off data on the application shall meet the following requirements:

A. Identification of debt

The deduction shall be identified by a brief explanatory statement showing the name of the Governmental agency to whom the applicant is indebted and, if the debt is owing to the AAA, including the program, crop insurance advance, marketing quota penalty, etc., in connection with which the applicant is indebted. The statement shall begin "Set-off for ____ " with the proper identification shown in the blank space.

Examples:

Set-off for AAA-1941 ACP Set-off for AAA-1940 Parity-wheat Set-off for AAA-Advance on ACP-100 - 1940 (or 1939) Set-off for AAA-Advance on FCI-112W Set-off for AAA-1940 grant of aid (or 1939) Set-off for AAA-1941 conservation material Set-off for AAA-1941 conservation material not used Set-off for AAA-1941 wheat marketing quota penalty Set-off for AAA-1933-35 wheat contract Set-off for AAA-1935 CAP - overpayment Set-off for AAA-1935 CAP - failure to return CAP-3 Set-off for SMA - Supplementary cotton program Set-off for CCC Set-off for FCIC-application No. wheat note Set-off for FCIC - contract No. wheat indemnity Set-off for FSA Set-off for FCA Set-off for FFMC

If the applicant is indebted to an agency of the Federal Government which is outside of the USDA, enter "Set-off for "showing the name of the agency, and "See ACP-25, Bureau Voucher No. "with the number which will be assigned to ACP-25 in accordance with WD-7, Revised, Part II, Section III paragraph A, 3. These notations will be made and ACP-25 prepared only in the event that there is an amount which can be set off for the creditor agency; i.e., there is a balance remaining after any set-offs for USDA agencies have been computed. (The county office will not be in a position to enter the bureau voucher number of ACP-25; therefore, the State Office must enter it.)

B. Amount of debt

The amount of indebtedness (or amount to be set off if the creditor agency has specified that only an installment of the debt shall be deducted) must be shown following the identification statement described above or in the space provided on the application.

Where set-off data are entered on an attached statement, the amount of indebtedness shall be shown in parenthesis following the identification statement described in A above; e.g., "Set-off for AAA (Amount of debt \$______)."

C. Amount to be set off

The amount to be deducted from the applicant's payment and paid to the creditor agency shall be shown in the space provided on the application.

If set-off data are entered on an attached statement, this amount will be the second amount shown in the identification statement, e.g., "Set-off for AAA (Amount of debt \$____) .. \$____."

This amount shall be the <u>smaller</u> of (1) the debt or (2) the payment available for set-off; i. e., the payment (less association expense deduction) computed for the applicant less other deductions having priority over the set-off.

D. Amount payable to indebted applicant

Either an amount or a zero must be shown in the space provided for the payment to be made to the applicant who is indebted.

This entry shall be the result obtained by subtracting all set-offs and voucher reductions and any assignment for the applicant from his earned payment (less association expense deduction where applicable).

Director, Western Division